

**Policy on Evaluation of Directors and the Board**

**1 Scope**

- 1.1 This Policy on Evaluation of directors and the Board (**Evaluation Policy**) sets out the criteria for evaluating the performance of directors and the board of directors of the Company (**Board**) and committees of the Board, as required by the provisions of the Companies Act, 2013 (**Act**) and the Listing Agreement. The Company shall disclose this Evaluation Policy in its annual report to the shareholders of the Company as required by the provisions of the Listing Agreement.
- 1.2 This Evaluation Policy applies to and covers directors, the Board and Board committees, but does not cover other key or senior managerial personnel of the Company. The evaluation of key and senior managerial personnel shall be carried out in accordance with the prevailing HR policies of the Company.
- 1.3 The nomination and remuneration committee (**NRC**) reserves the right to review this Evaluation Policy from time to time and make suitable modifications, subject to approval of the Board. This Evaluation Policy shall be subject to the provisions of the Act and the rules made thereunder, the Listing Agreement and other applicable law.

**2 Responsibility of the NRC and Board**

- 2.1 Based on the criteria set out in this Evaluation Policy, the NRC, the Chair of the Board, and individual directors shall carry out the performance evaluations of directors, Board committees and the Board as a whole on an annual basis. The evaluations shall be conducted and completed before April 30 in every financial year for the preceding financial year, and the chairperson of the NRC shall collate and forward the performance evaluation reports to the Board within 15 days of the conclusion of the performance evaluation.
- 2.2 Without prejudice to the foregoing, as required by clause 49(II)(B)(5) of the Listing Agreement, the Board shall conduct an evaluation of independent directors of the Company in accordance with the criteria set out below. The evaluation shall be conducted and completed before April 30 in every financial year for the preceding financial year.
- 2.3 Furthermore, on receipt of the performance evaluation report on non-independent directors, the Board shall undertake the following.
- a) Review the said performance evaluation report submitted by the Chairman of the NRC together with any suggestions on improving the effectiveness of the Board, its committees and directors;
  - b) Set performance objectives for directors, consistent with the varying nature and requirements of the Company's business and strategies, as deemed applicable or relevant;

- c) Discuss and analyse the performance of the Board as a whole and its committees during the preceding financial year, together with suggestions for improvement thereon; and
  - d) Approve promotions, if applicable, and incentives to eligible directors of the Company based on the ratings given by the NRC and the Board in accordance with paragraph 3.1.
- 2.4 The NRC and the Board shall conduct the performance evaluations in a fair, transparent and objective manner. In case of evaluation of individual directors, the concerned director who is being evaluated shall be excluded from the relevant evaluation team of the Board or NRC, as the case may be.

### **3 Evaluation Factors**

- 3.1 The NRC and Board shall consider the following factors for purposes of evaluating the performance of each director and the Board and its committees.
- 3.2 Rating Scale: The ratings shall be based on the scales set out in the relevant evaluation forms attached to this Policy.
- 3.3 Evaluation of Board as whole by the NRC: The specific issues and questions that should be considered by the NRC in its performance evaluation of the Board are set out in *Form I* attached to this Evaluation Policy.
- 3.4 Self-Assessment by Directors other than the Chair: The specific issues and questions that should be considered in the self-assessment conducted by each director are set out in *Form II* attached to this Evaluation Policy.
- 3.5 Self-Assessment by the Chair: The specific issues and questions that should be considered in the self-assessment conducted by the Chair are set out in *Form III* attached to this Evaluation Policy.
- 3.6 Committee Evaluations: The specific issues and questions that should be considered in the evaluation of Board committees, to be conducted by the respective committee members are set out in *Form IV* attached to this Evaluation Policy.
- 3.7 Evaluation of Independent Directors by the Board and NRC: The specific issues and questions that should be considered in the performance evaluation of an independent director by the NRC, excluding the director being evaluated (as required by Section 178(2) of the Act, and by the Board as whole, excluding the director being evaluated (as required by clause 49(II)(B)(5) of the Listing Agreement) have been set out in *Form V* of this Evaluation Policy. Each independent director shall be assessed accordingly, such independent Directors shall be given ratings in accordance with the rating scale set out in Forms I to IV for each matter specified in *Form V*.
- 3.8 Evaluation of Non-Independent Directors by the NRC: The specific issues and questions that should be considered in the performance evaluation of a non-independent director by the NRC, excluding the director being evaluated (as required by Section 178(2) of the Act, have been set out in *Form VI* of this

Evaluation Policy. Each non-independent Director shall be assessed accordingly, and such non-independent director shall be given ratings in accordance with the rating scale set out above for each matter specified in *Form VI*.

**United Spirits Limited**  
**Board Evaluation – Questionnaire**

**Form I**

(To be filled in by all directors)

**Evaluation of Board as a whole**

Every question needs to be evaluated on a 5 point scale as given below:

<b>Strongly disagree</b>		<b>Neither agree nor disagree</b>		<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

**Name: Mr./Mrs./Dr.**

**Category : Executive/Non-Executive/Independent Director (Chairman )**

Qn. Nos.	Part I - Degree of fulfillment of key responsibilities- The Board....	
1	Members are aware of what is expected of them	
2	Satisfactorily meets the key criteria for long term (3-5 years) value creation for all stakeholders	
3	Effectively reviews and approves the Annual Operating Plan	
4	Shows effective maintenance of high standards of ethical conduct of business	
5	Takes adequate actions towards the protection and enhancement of the Company goodwill and brands	

**Comments/Remarks:**

Qn. Nos.	Part II - Board structure and composition- The Board....	
6	Is adequate in terms of a. Size; b. skills/expertise; c. experience; and d. gender to carry out the responsibilities	
7	Has a composition of directors suited to the needs and strategy of the Company	

**Comments/Remarks**

<b>Qn. Nos.</b>	<b>Part III - Establishment and delineation of responsibilities to Committees</b>	
8	The Committees constituted by the Board are effective in number and scope	
9	There is clarity between the Board and every Committee with respect to the role played by Committees	
10	The Committees are effective in fulfillment of responsibilities delegated to them by the Board	
11	There is good coordination and cohesiveness in the working of the Board and the Committees	
<b>Comments/Remarks:</b>		
<b>Qn. Nos.</b>	<b>Part IV - Effectiveness of Board processes, information and functioning</b>	
12	The frequency of Board meetings is adequate	
13	The agenda discussed in the meetings is clear and realistic in terms of number and nature of items to be covered	
14	Time allotted for every meeting is adequate to cover most of the agenda items	
15	Information provided for the meeting is adequate and presented in a way that facilitates productive discussion	
16	Information required for the meeting is provided with adequate time for preparation	
17	Sufficient time is spent in discussing critical issues/ issues of strategic importance	
18	The Board is able to add value in matters of significance for the company	
19	Discussions/ decisions made in the meeting show a large degree of alignment with the overall company strategy	
20	The minutes of the meeting effectively capture the discussions/decisions taken and the post meeting actions	
21	There is an effective system for monitoring and driving closure of critical post meeting actions/decisions	
22	The Board takes reasonable steps to ensure the implementation and integrity of EFL's internal control and management information systems	
23	The Board ensures that the management identifies the principle risk to EFL's business and ensures management implements appropriate systems to manage these risks	
<b>Comments/Remarks:</b>		
<b>Qn. Nos.</b>	<b>Part V - Board Culture and Dynamics</b>	

24	All directors have clarity of their role and responsibilities (i.e. effectively performs the responsibilities as required by the Companies Act, 2013 and other laws)	
25	All directors feel free to speak their mind and contribute effectively on key issues	
26	There is cohesiveness in the overall working of the Board	
27	There is adequate dialogue and participation from directors on critical issues/ issues of strategic importance	
28	Conflict/ differences of opinion between directors are managed constructively	
29	Directors are respectful to each other	
<b>Comments/Remarks:</b>		
<b>Qn. Nos.</b>	<b>Part VI - Quality of relationship between the Board and the Management</b>	
30	There is clarity between the Board and the management with respect to the role played by each of them	
31	Board members are accessible to senior management employees and vice-versa	
32	Adequate opportunities are availed by the Board to be exposed to the company's management and to understand the company's products and operations	
33	The management shows a high degree of responsiveness to the guidance/ directions provided by the Board	
34	The Board is apprised in a timely manner by the management of important developments affecting the company	
35	There is mutual trust between Board members and senior management	
36	The Board has sufficient exposure to and knowledge of senior high potential employees in the organizations	
37	The Board has developed formal criteria and a process for evaluating the Executive Director	
38	The Board monitors operational and financial results	
39	The management succession planning program process is satisfactory	
<b>Comments/Remarks:</b>		

( \_\_\_\_\_ )

**Date:**

# United Spirits Limited

## Board Evaluation – Questionnaire

### Form II

(To be filled in by all directors except Chairman)

#### Director's Self-assessment

Every question needs to be evaluated on a 5 point scale as given below.

<b>Strongly disagree</b>		<b>Neither agree nor disagree</b>		<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

**Name: Mr./Mrs./Dr.**

**Category : Executive/Non-Executive/Independent Director (Chairman )**

<b>Qn. Nos.</b>	<b>Part I - Individual Director Effectiveness – Self Assessment</b>		
	<b>Attendance</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
	Board Meeting	<b>4</b>	<b>2</b>
	Nomination and Remuneration Committee	<b>2</b>	<b>2</b>
	Audit Committee		
	CSR Committee		
<b>Qn. Nos.</b>	<b>Part II - Contribution at meetings</b>		
<b>1</b>	I am well informed of the agenda and well prepared on the issues to be discussed		
<b>2</b>	I provide meaningful and constructive contribution and inputs in meetings		

3	I display independence of judgment	
4	I display candor in expressing views even when they are in divergence with the rest of the Board	
<b>Comments/Remarks:</b>		
<b>Qn. Nos.</b>	<b>Part III - Guidance/ support to management outside Board/ Committee meetings</b>	
5	I am accessible to the senior management of the company and have built effective working relationships with them	
6	I provide a good degree of direction/ guidance to senior management outside of meetings	
7	I display initiative with respect to follow-up and closure of critical issues	
8	I display a good degree of understanding of the company, industry, sector, geography (including risks, current operational and environmental context, emerging trends)	
9	I am proactive in efforts to gain knowledge about the company, industry, sector and geography	
<b>Comments/Remarks:</b>		
<b>Qn. Nos.</b>	<b>Part IV – Evaluation of Chairman</b>	
10	The Chairman is skilled at managing different points of view	
11	The level of communication between the board and relevant parties is appropriate; the board Chairman encourages input on meeting agendas from Committee and board members, management, the internal auditors, and the independent auditor	
<b>Comments/Remarks:</b>		

( \_\_\_\_\_ )

**Date:**



**United Spirits Limited**  
**Board Evaluation – Questionnaire**  
**Form III**

(To be filled in by the Chairman of the Board)

**Chairman - Self-assessment Questionnaire**

Every question needs to be evaluated on a 5 point scale as given below.

<b>Strongly disagree</b>		<b>Neither agree nor disagree</b>		<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

<b>Name : Mr./Mrs./Dr.</b>  <b>Category : Executive/Non-Executive/Independent Director (Chairman )</b>
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Qn. Nos.	Part I - Chairman - Self Assessment		
	<b>Attendance</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
	Board Meeting	<b>4</b>	<b>2</b>
	Nomination and Remuneration Committee	<b>2</b>	<b>2</b>
Qn. Nos.	Part II - Contribution at meetings		
1	I am well informed of the agenda and well prepared on the issues to be discussed		
2	I provide meaningful and constructive contribution and inputs in meetings		
3	I display independence of judgment		
4	I display candor in expressing views even when they are in divergence with the rest of the Board		
<b>Comments/Remarks:</b>			

Qn. Nos.	Part III - Guidance/ support to management outside Board/ Committee meetings	
5	I am accessible to the senior management of the company and have built effective working relationships with them	
6	I provide a good degree of direction/ guidance to senior management outside of meetings	
7	I display initiative with respect to follow-up and closure of critical issues	
8	I display a good degree of understanding of the company, industry, sector, geography (including risks, current operational and environmental context, emerging trends)	
9	I am proactive in efforts to gain knowledge about the company, industry, sector and geography	
<b>Comments/Remarks:</b>		
Qn. Nos. Part IV - Effectiveness as Chairman		
10	I provide effective leadership to the Board	
11	I set an effective strategic agenda of the Board (in conjunction with the company's management) with focus on long term value creation for all stakeholders	
12	I encourage active engagement by all the members of the Board and promote effective relationships and open communication	
13	I communicate effectively with all stakeholders and enable meaningful relationships, as required	
<b>Comments/Remarks:</b>		

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( \_\_\_\_\_ )

**Date:**

# United Spirits Limited

## Board Evaluation – Questionnaire

### Form IV

(To be filled in by respective Committee members)

#### Board Committee Evaluation

Every question needs to be evaluated on a 5 point scale as given below.

<b>Strongly disagree</b>		<b>Neither agree nor disagree</b>		<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

Name : Mr./Mrs./Dr.

Category : Executive/Non-Executive/Independent Director (Chairman )

<b>Name of the Committee</b>		
<b>Qn. Nos.</b>	<b>Part I - Degree of fulfillment of key responsibilities –</b>	
1	The Committee effectively performs the responsibilities as outlined in the charter	
2	The mandate of the Committee is sufficient in addressing the objectives for which it was set up by the Board	
<b>Comments/Remarks:</b>		
<b>Qn. Nos.</b>	<b>Part II - Adequacy of Committee Composition - The Committee</b>	
3	is adequate (in terms of size, skills/ expertise, experience) to carry out the responsibilities	
<b>Comments/Remarks:</b>		

Qn. Nos.	Part III - Effectiveness of meetings	
4	The frequency of Committee meetings is adequate	
5	The agenda discussed in the meetings is clear and realistic in terms of number and nature of items to be covered	
6	Time allotted for every meeting is adequate to cover most of the agenda items	
7	Information provided for the meeting is adequate and presented in a way that facilitates productive discussion (i.e. material is relevant with the right amount of detail and is “reader- Friendly”)	
8	Sufficient time is spent in discussing critical issues/ issues of strategic importance	
9	Appropriate balance is maintained in analyzing the past, discussing current issues and planning for future	
10	Discussions/ decisions made in the meeting show a large degree of alignment with the overall company strategy	
11	There is an effective system for monitoring and driving closure of critical post meeting actions/ decisions	
<b>Comments/Remarks:</b>		
Qn. Nos.	Part IV - Committee Dynamics	
12	All members have clarity of their role and responsibilities	
13	All members feel free to speak their mind and contribute effectively on key issues	
14	There is cohesiveness in the overall working of the Committee	
15	There is adequate dialogue and participation from members on critical issues/ issues of strategic importance	
16	Conflict/differences of opinion between members are managed constructively	
<b>Comments/Remarks:</b>		

Qn. Nos.	Part V - Quality of relationship between the Board and the Management	
17	There is clarity between the Board, management and Committee with respect to the role played by the Committee	
18	There is good coordination and cohesiveness in the working of the Board, management and the Committee	
19	Committee members are accessible to senior management employees	
20	Adequate opportunities are availed by the Committee to be exposed to the company's management and to understand the company's products and operations	
21	The Board and the management shows a high degree of responsiveness/ acceptance of the guidance/ direction provided by the Committee	
<b>Comments/Remarks:</b>		

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( \_\_\_\_\_ )

**Date:**

## Form V

<b>Evaluation Criteria for Independent Directors by the Board and NRC</b>
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Independent Director's Name:

Date of evaluation:

Every question needs to be evaluated on a five-point scale as given below.

Performance	Rating
Exceptionally Good ( <b>EG</b> )	5
Good ( <b>G</b> )	4
Satisfactory ( <b>S</b> )	3
Needs Improvement ( <b>NI</b> )	2
Unacceptable ( <b>UA</b> )	1

#	Criteria	Rating (1-5)
1.	Compliance with articles of association, Companies Act, 2013 & other allied laws.	
2.	Compliance with ethical standards & code of conduct of the Company, if any.	
3.	Assistance on issues relating to strategy, performance, risk management, resources, key appointment and standards of conduct.	
4.	Assistance in scrutinizing the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance.	
5.	Review of integrity of financial information and risk management.	
6.	Safeguard of stakeholders' interests, particularly minority stakeholders.	
7.	Review of and role in relation to reputation management.	
8.	Determination of level of remuneration of key managerial personnel, executive directors and senior management.	
9.	Assistance in appointment of key managerial personnel, executive directors and senior management.	
10.	Recommendations relating to removal of key managerial personnel, executive directors and senior management, if any.	

11.	Safeguarding the interest of the Company in situations of conflict between management and shareholders.	
12.	Regularly updating skills, knowledge and familiarity with the Company.	
13.	Seeking professional advice, as and when required.	
14.	Attendance and constructive participation in meetings of the Board	
15.	Attendance and constructive participation in meetings of committees of the Board, in which s/he is a member.	
16.	Attendance in general meetings of the Company.	
17.	Raising issues with the Board and ensuring that such issues are addressed by the Board.	
18.	Well informed about the Company and external environment in which it operates.	
19.	Working with the executive management team.	
20.	Assistance in implementing corporate governance practices.	
21.	Reporting of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.	
22.	Acting within authority in protecting interest of the Company and shareholders and employees of the Company.	
23.	Safeguarding commercial secrets, advertising and sales promotion plans, unpublished price sensitive information and other confidential information of the Company.	
24.	Disclosure of non-independence, if it exists.	
<b>Total</b>		

Overall Rating									
The overall rating would depend on the numeric average of the ratings given for each matter and in case of decimals, the numeric average may be rounded off.									
<b>EG:</b>		<b>G:</b>		<b>S:</b>		<b>NI:</b>		<b>UA:</b>	

Signature of Board or NRC chair / vice-chair (as applicable).

## Form VI

### Evaluation Criteria for Evaluation of Non Independent Directors by NRC

Independent Director's Name:

Date of evaluation:

Every question needs to be evaluated on a five-point scale as given below.

Performance	Rating
Exceptionally Good ( <b>EG</b> )	5
Good ( <b>G</b> )	4
Satisfactory ( <b>S</b> )	3
Needs Improvement ( <b>NI</b> )	2
Unacceptable ( <b>UA</b> )	1

#	Criteria	Rating
1.	Compliance with articles of association, Companies Act, 2013 & other allied laws.	
2.	Monitoring Company's performance against business plans, strategy and compliance ethics.	
3.	Steps initiated towards business development.	
4.	Steps initiated towards branding of the Company.	
5.	Compliance with ethical standards & code of conduct.	
6.	Exercising duties diligently.	
7.	Qualifications.	
8.	Disclosure of interest.	
9.	Leadership skills.	
10.	Motivating employees, providing assistance and directions.	
11.	Establishment of internal controls and risk management processes.	
12.	Communication skills.	
13.	Attendance and constructive participation in meetings of the Board.	
14.	Attendance and constructive participation in general meetings of the Company.	



15.	Teamwork attributes.	
16.	Supervising & training staff members.	
17.	Safeguarding commercial secrets, advertising and sales promotion plans, unpublished price sensitive information and other confidential information of the Company.	
<b>Total</b>		

<b>Overall Rating</b>									
The overall rating would depend on the numeric average of the ratings given for each matter and in case of decimals, the numeric average may be rounded off.									
<b>EG:</b>		<b>G:</b>		<b>S:</b>		<b>NI:</b>		<b>UA:</b>	

Signature of NRC chair / vice chair (as applicable).