

COVANCE SOFTSOL LIMITED

POLICY FOR BOARD EVALUATION

1. Introduction

Covance Softsol Limited ("Company") conducts its operations under the directions of Board of Directors within the framework laid down by the Companies Act, 2013, the Articles of Association, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Code of Conduct and Policies formulated by the Company for its internal execution. The Company's Board of Directors is dedicated to act in good faith, exercise their judgment on an informed basis, in the best interest of the Company and its stakeholders.

Therefore, the Company has formulated Policy for Board Evaluation ("Policy") to comply with various provisions under the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and also the formal annual evaluation made by the Board of its own performance (self-appraisals) and that of its committees and individual directors as mentioned under Section 134(3)(p) of the Act. The Nomination & Remuneration Committee shall evaluate the performance of each of the Director as per Section 178(2) of the Act and based on the functions of the Independent Directors as indicated under Schedule IV (as per Section 149) annexed to the Act.

2. Objective

The object of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the entire Board. Further, to adopt best practices to manage the affairs of the Company in a seamless manner and ensure long term value creation for stakeholders by achieving good corporate governance.

3. Definitions

- a) "Board" means Board of Directors of the Company.
- b) "Company" means Covance Softsol Limited.
- c) "Committee" means Nomination and Remuneration Committee of Board of Directors of the Company.
- d) "Director" or "Board" means the Director or the Board, in relation to the Company, and deemed to include the collective body of the Board of the Company including the Chairman of the Company.
- e) "Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

4. Responsibility

I. Responsibility of the Board

It shall be the duty of the Chairperson of the Board, who shall be supported by a Company Secretary to organise the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximise their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis

- a. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- b. Review performance evaluation reports of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- c. Review the various strategies of the Company and accordingly set the performance objectives for Directors.
- d. Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

II. Responsibility of the Nomination & Remuneration Committee

It shall evaluate the performance of individual Directors of the Company as per the terms of the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013.

III. Responsibility of Independent Directors

Independent Directors are duty bound to evaluate the performance of Non-Independent Directors and Board as a whole. The Independent Directors of the Company shall hold at least one meeting in a year to review the performance of Non-Independent Directors, performance of the Chairperson of the Company and Board as a whole, taking into account the views of Executive Directors and Non-Executive Directors.

The Independent Directors at their separate meetings shall:

- a. review the performance of Non-Independent Directors and the Board as a whole;
- b. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- c. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

IV. Evaluation of Independent Director shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.

5. Subject of Evaluation

The evaluation of the Board involves multiple levels:

- a. Board as a whole
- b. Committees of the Board
- c. Managing Director / Whole-time Director
- d. Chairperson of the Board
- e. Independent Directors of the Board
- f. Non-Executive Directors of the Board

6. Performance evaluation method

The evaluation process will commence every year (preferably during last quarter or as may be decided by the Committee) to evaluate the performance of concerned Director / Committee / Board.

The questionnaires will be subject to review / change / modification by the Committee from time to time as per the requirement / convenience in order to carry out the evaluation process in accordance with the provisions of the Act

The Company Secretary will compile the feedback and comments in the evaluation forms and the Committee shall appropriately review the same as per the methodology mentioned as above.

Thereafter the consolidated feedback and comments along with its recommendation will be placed before the Board.

The feedback will be shared with Directors by the Chairperson of the Board (in the manner he/she deems fit) for information of the Directors and also for enabling follow-up activities which can include deciding plan of action for addressing the points, Director development programs, improving the flow of information to Directors etc.

The evaluation process shall be as under:

I. Board Evaluation

On an annual basis, each Director would be required to provide feedback for the Board as a whole on a defined questionnaire template confidentially. Some indicative areas for Board Evaluation include:

- a. Board Composition & Quality.
- b. Board Meeting and Procedures.
- c. Board Strategy and Risk Management.
- d. Board and Management Relations.
- e. Succession Planning.

II. Committees Evaluation

The Board has constituted the following statutory committees:

1. Audit Committee;
2. Nomination Remuneration Committee; and
3. Stakeholders Relationship Committee.

The Board may also constitute any other committee, as may be required from time to time. The Committees may use a questionnaire-based mechanism for the purpose of evaluation on an annual basis. Some of the indicative areas for evaluation of Committees include:

- a. Functions and Duties
- b. Management Relations
- c. Committee Meetings and Procedures

II. Managing Director / Whole-time Director Evaluation

The Directors shall use a questionnaire-based mechanism for the purpose of evaluation on an annual basis. The performance evaluation of Managing Director / Whole-time Director shall be done by all the Directors, excluding the Director being evaluated. Some parameters for reviewing the performance of Managing Director / Whole-time Director are:

- a. Leadership
- b. Strategy Formulation
- c. Strategy Execution
- d. Financial Planning / performance
- f. External Relations
- g. Human Resources Management / Relations
- i. Product Knowledge

III. Chairperson Evaluation

The Directors may use a questionnaire-based mechanism for the purpose of Chairperson evaluation on an annual basis. Some of the indicative areas for evaluation of Chairperson include:

- a. Managing Relationships
- b. Leadership

IV. Independent Director Evaluation:

Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of management. Evaluation of Independent Directors shall be carried out by the entire Board of Directors of the Company except the Director getting evaluated by use of a questionnaire based mechanism. All the Independent Directors of the Company shall try to be present at such meeting and such meeting shall review the agenda as set out in the Act.

Some indicative areas for evaluation of Directors include:

- a. Knowledge
- b. Diligence, Knowledge and Skill
- c. Participation at Board / Committee Meetings
- c. Leadership Team

V. Non-Executive Director Evaluation

A questionnaire shall be filled in by each Director other than the concerned Non-Executive Director evaluating the performance of Non-Executive Directors. Some indicative areas for evaluation of Directors include:

- a. Participation at Board / Committee Meetings
- b. Managing Relationship
- c. Knowledge and Skill
- d. Personal Attributes

7. Performance rating

Based on evaluation criteria laid down in this Policy, the Board of Directors shall rate the performance of the each and every Director, including the Chairman of the Company.

The Committee based on the performance evaluation criteria and the evaluation rating of each Director as submitted by the Board of Directors shall give overall performance evaluation rating to each and every Director.

The Committee based on overall performance evaluation rating shall decide the performance and effectiveness of the Board of Directors as a whole.

8. Policy Review

Subject to the approval of Board of Directors, the Committee reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Committee.
