



BOARD & DIRECTOR EVALUATION FRAMEWORK
OF
HERITAGE FOODS LIMITED
FOR
THE FY _____

RATIONALE FOR THE BOARD EVALUATIONS:

The rationale for the Board & Director evaluation has emerged from the wider debate concerning higher standards of Corporate Governance by stakeholders. The Companies Act, 2013 and the Listing agreement with the Stock Exchanges mandated the Board & Directors evaluation process by inserting the following sections/Clauses;

The Companies Act, 2013 (w.e.f:1st April, 2014),

Schedule IV read with Section 149:

(II) Role and functions: The independent directors shall bring an objective view in the evaluation of the performance of board and management;

(V) Re-appointment: The re-appointment of independent director shall be on the basis of report of performance evaluation.

(VII) Separate meetings:

1. The 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.
2. All the independent directors of the company shall strive to be present at such meeting.
3. The independent directors in the meeting 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

(VIII) Evaluation mechanism:

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director

Section 178 (2):

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance

SEBI (LO & DR) Regulation, 2015

Performance evaluation of Independent Directors

- a. The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.
- b. The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.
- c. The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).
- d. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director

Separate meetings of the Independent Directors

- a. The 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. All the independent directors of the company shall strive to be present at such meeting.
- b. The independent directors in the meeting shall, *inter-alia*:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - iii. 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

INTRODUCTION

1. Board and director evaluation involves board members undertaking a constructive but critical review of their own performance, identifying strengths, weaknesses and implementing plans for further professional development. The provision of feedback on board performance and governance processes is the most crucial element of director evaluation.
2. To enable directors to evaluate their individual performance as well as the collective performance of the Board. Key evaluation factors in the Framework are the functions of the board, board strategy and effectiveness, board structure and committees, Chairperson's and Executive Director's performance.
3. You are required to complete all sections of the Board Self Evaluation Form honestly and sincerely.
4. A rating scale of "1" to "5" is employed, wherein "1" Outstanding and "5" Poor.

Please provide comments to explain the ratings allocated.

1. Board of Directors Evaluation (Part-A)

(By all the Directors)

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
(a) Structure of the Board						
The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.						
The Board as a whole has directors with enough experience to conduct its affairs effectively.						
The Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively.						
There is sufficient diversity in the Board on the aforesaid parameters.						
The process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors.						
(b) Meetings of the Board						
The meetings are being held on a regular basis						
Frequency: The Board meets frequently The frequency of such meetings is enough for the Board to undertake its duties properly						



CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
<p>Logistics: The logistics for the meeting is being handled properly- venue, format, timing, etc.</p>						
<p>Agenda: The agenda is circulated well before the meeting Whether the agenda has all relevant information to take decision on the matter The agenda is up to date, regularly reviewed and involves major substantial decisions The quality of agenda and Board papers is up to the mark (explains issues properly, not overly lengthy, etc.) The outstanding items of previous meetings are followed-up and taken up in subsequent agendas The time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject The Board is able to finish discussion and decision on all agenda items in the meetings Adequate and timely inputs are taken from the Board members prior to setting of the Agenda for the meeting The agenda includes adequate information on Committee’s activities</p>						
<p>Discussions and dissent: The Board discusses every issue comprehensively and depending on the importance of the subject The environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear or fervour The discussions generally add value to the decision making The Board tends towards groupthink and whether critical and dissenting suggestions are welcomed All members actively participate in the discussions The Board functions constructively as a team</p>						



CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
<p>Recording of minutes: The minutes are being recorded properly- clearly, completely, accurately and consistently. The minutes are approved properly in accordance with set procedures. The minutes are timely circulated to all the Board members The dissenting views are recorded in the minutes</p>						
<p>Dissemination of information: The information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly The Board is adequately informed of material matters in between meetings</p>						
(C) Functions of the Board						
<p>Role and responsibilities of the Board: The same are clearly documented E.g. Difference in roles of Chairman and CEO, Matters reserved for the Board, etc.</p>						
<p>Strategy and performance evaluation: The significant time of the Board is being devoted to management of current and potential strategic issues The various scenario planning is used to evaluate strategic risks The Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments.</p>						



CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
<p>Governance and compliance: Adequate time of the Board is being devoted to analyse and examine governance and compliance issues. The Board monitors the effectiveness of its governance practices and makes changes as needed. The Board ensures the integrity of the entity’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards</p>						
<p>Evaluation of Risks: The Board undertakes a review of the high risk issues impacting the organization regularly It is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.</p>						
<p>Grievance redressal for Investors: The Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.</p>						
<p>Conflict of interest: The Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions A sufficient number of non-executive members of the board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest</p>						
<p>Stakeholder value and responsibility: The decision making process of the Board is adequate to assess creation of stakeholder value</p>						



CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
<p>The Board has mechanisms in place to communicate and engage with various stakeholders</p> <p>The Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders.</p> <p>The Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different shareholder/stakeholder groups differently.</p> <p>The Board regularly reviews the Business Responsibility Reporting/related corporate social responsibility initiatives of the entity and contribution to society, environment etc.</p>						
<p>Corporate culture and values: The Board sets a corporate culture and the values by which executives throughout a group shall behave</p>						
<p>Review of Board evaluation: The Board monitors and reviews the Board evaluation framework.</p>						
<p>Facilitation of independent directors: The Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively.</p>						
<p>(d) Board and Management</p>						
<p>Evaluation of performance of the management and feedback:</p> <p>The Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance</p> <p>The measures used are broad enough to monitor performance of the management</p> <p>The management’s performance is benchmarked against industry peers</p> <p>The remuneration of the management is in line with its performance and with industry peers</p> <p>The remuneration of the Board and the management is aligned with the</p>						

CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
longer term interests of the entity and its shareholders. The Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation. The Board ‘steps back’ to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the entity’s focus.						
Independence of the management from the Board: The level of independence of the management from the Board is adequate						
Access of the management to the Board and Board access to the management: The Board and the management are able to actively access each other and exchange information						
Secretarial support: Adequate secretarial and logistical support is available for conducting Board meetings						
Fund availability: The sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting, etc.						
Succession plan: An appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board						
(e) Professional development:						
Adequate induction and professional development programmes are made available to new and old directors						
Continuing directors training is provided to ensure that the members of board of directors are kept up to date						

Overall rating of Board performance	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor



Evaluation of Board Committees (Part-B)

(By all the Directors)

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

CRITERIA	RATING					COMMENTS
	1	2	3	4	5	
Mandate and composition: The mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.						
Effectiveness of the Committee: The Committee has fulfilled its functions as assigned by the Board and laws as may be applicable (For different Committees, different functions may be laid out as sub-criteria for evaluation)						
Structure of the Committee and meetings: i. The Committees have been structure properly and regular meetings are being held ii. In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board						
Independence of the Committee from the Board: Adequate independence of the Committee is ensured from the Board						
Contribution to decisions of the Board: The Committee's recommendations contribute effectively to decisions of the Board.						

Overall rating of Board performance	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor

Please suggest three things that could improve Board's performance.

- a)
- b)

Name of Director:

.....

Signature:

Date:

2. Director - Self Assessment

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

CRITERIA	RATINGS					COMMENTS
	1	2	3	4	5	
Qualifications: Details of professional qualifications of the member						
Experience: Details of prior experience of the member, especially the experience relevant to the entity						
Knowledge and Competency: i. The person fares across different competencies as identified for effective functioning of the entity and the Board (The entity may list various competencies and mark all directors against every such competency) ii. The person has sufficient understanding and knowledge of the entity and the sector in which it operates						
Fulfilment of functions: The person understands and fulfils the functions to him/her as assigned by the Board and the law (E.g. Law imposes certain obligations on independent directors)						
Ability to function as a team: The person is able to function as an effective team- member						

Board & Director Evaluation



CRITERIA	RATINGS					COMMENTS
	1	2	3	4	5	
Initiative: The person actively takes initiative with respect to various areas						
Availability and attendance: The person is available for meetings of the Board and attends the meeting regularly and timely, without delay.						
Commitment: The person is adequately committed to the Board and the entity						
Contribution: The person contributed effectively to the entity and in the Board meetings						
Integrity: The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)						

Name of Director:

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Signature:

.....

Date:

.....



3. Non-Executive Independent Director - Evaluation Form

(Review by Directors other than director being evaluated)

Name of the Director:

Category: Non-Executive Independent Director

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Participation at Board/ Committee Meetings						
1. Director comes well prepared and informed for the Board / committee meeting(s).						
2. Director has ability to remain focused at a governance level in Board/ Committee meetings.						
3. Director’s contributions at Board / Committee meetings are of high quality and innovative.						
4. Director’s proactively contributes in to development of strategy and to risk management of the Company.						
Managing Relationship						
5. Director’s performance and behavior promotes mutual trust and respect within the Board /Committee.						
6. Director is effective and successful in managing relationships with fellow Board members and senior management?						

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Knowledge and Skill						
7. Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee.						
8. Director actively and successfully refreshes his/ her knowledge and skills and up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions.						
9. Director is able to present his/ her views convincingly yet diplomatically.						
10. Director listens and takes on Board the views of other members of Board.						
Personal Attributes						
11. Director has maintained high standard of ethics and integrity.						
12. Director upholds ethical standards of integrity and probity.						
13. Director exercises objective independent judgment in the best interest of Company.						
14. Director has effectively assisted the Company is implementing best corporate governance practice and then monitors the same.						
15. Director helps in bringing independent judgment during board deliberations on strategy, performance, risk management etc.						
16. Director keeps himself/herself well informed about the Company and external environment in which it operates.						
17. Director acts within his authority and assists in protecting the legitimate interest of the Company, Shareholder and employees.						
18. Director maintains high level of confidentiality.						
19. Director adheres to the applicable code of conduct for independent directors						



EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Additional Criteria for Independent Director						
Independence: The person is independent from the entity and the other directors and there if no conflict of interest						
Independent views and judgement: The person exercises his/ her own judgement and voices opinion freely						
Additional Criteria for Chairperson						
Effectiveness of leadership and ability to steer the meetings: The Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively						
Impartiality: The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.						
Commitment: The Chairperson is sufficiently committed to the Board and its meetings.						
Ability to keep shareholders' interests in mind: The Chairperson is able to keep shareholders' interest in mind during discussions and decisions.						

Overall rating of Board performance	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor

Please suggest three things that could improve Board's performance.

- a)
- b)
- c)

Name of Director:

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Signature:

.....

Date:

.....



4. Non-Executive Director - Evaluation Form

(Review by Directors other than director being evaluated)

Name of the Director ___

Category: Non-Executive Director

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Participation at Board/ Committee Meetings						
1. Director comes well prepared and informed for the Board / committee meeting(s).						
2. Director has ability to remain focused at a governance level in Board/ Committee meetings.						
3. Director’s contributions at Board / Committee meetings are of high quality and innovative.						
4. Director’s proactively contributes in to development of strategy and to risk management of the Company.						
Managing Relationship						
5. Director’s performance and behavior promotes mutual trust and respect within the Board /Committee.						
6. Director is effective and successful in managing relationships with fellow						

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Board members and senior management?						
Knowledge and Skill						
7. Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee.						
8. Director actively and successfully refreshes his/ her knowledge and skills and up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions.						
9. Director is able to present his/ her views convincingly yet diplomatically.						
10. Director listens and takes on Board the views of other members of Board.						
Personal Attributes						
11. Director has maintained high standard of ethics and integrity.						
Additional criteria for Chairperson						
Effectiveness of leadership and ability to steer the meetings: The Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively						
Impartiality: The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.						
Commitment: The Chairperson is sufficiently committed to the Board and its meetings.						
Ability to keep shareholders' interests in mind: The Chairperson is able to keep shareholders' interest in mind during discussions and decisions						



	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Board performance					

Please suggest three things that could improve Board's performance.

Name of Director:

- a)
- b)
- c)

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Signature:

.....

Date:

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5. Vice Chairperson & Managing Director (VC&MD) Assessment Form

(By each Board member)

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Managing Relationships						
1. The VC&MD has demonstrated a sound knowledge of Board governance procedures and has consistently followed them.						
2. The VC&MD has presented information to the board on items requiring Board opinions and decisions in a professional manner, with recommendations based on thorough study and sound principles.						
3. The VC&MD has been available to individual Board members whenever necessary, as well as supported the board in its governance duties by providing necessary resources and other facilities.						
4. The VC&MD actively manages shareholder, board, management and employee relationships and interests.						
5. The VC&MD meets with potential providers of equity and debt capital, if required.						
Strategy Formulation						
6. The VC&MD has developed clear mission statements, policies, and strategic plans that harmoniously balance the needs of shareholders, clients, employees, and other stakeholders.						

Board & Director Evaluation

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
7. The VC&MD has established processes that did the monitoring and controlling works, thus ensuring that the effectiveness of organizational performance, including risk management, was achieved.						
Leadership						
8. The VC&MD is an effective leader.						
9. The VC&MD promotes effective participation of all Board members in the decision making process.						
10. The VC&MD promotes the positive image of the Company.						
11. The VC&MD promotes continuing training and development of directors.						

Overall rating of Board performance	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor

Please suggest three things that could improve Board’s performance.

- a)
- b)
- c)

Name of Director:

.....

Signature:

.....

Date:

.....



6. Executive Director (ED) Assessment Form

(By all the Board Members)

Rating Scale: (✓ in appropriate box)

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Leadership						
1. The ED has shown clear vision in correctly anticipating business trends, opportunities, and priorities affecting the Company’s prosperity and operations.						
2. The ED has clearly translated her vision and strategy into feasible business or operational plans to achieve strategic success for the Company.						
3. The ED has accurately communicated her concept, vision, mission, strategies, goals, and directions for the Company to stakeholders.						
4. The ED has motivated and encouraged high employee morale and loyalty to the organization, and facilitated team-building and cohesiveness among the Company’s employees to achieve the Company’s vision.						
5. The ED has been an initiator, setting high working standards and pursuing goals with a high level of personal drive and energy.						



EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
Financial planning / performance						
6. The ED has possessed a good understanding of the company’s financial measures relevant to its business and financial situation.						
7. The ED has exercised good judgment in managing the financial affairs and budgets of the organization.						
8. The ED has effectively monitored and evaluated financial planning, budget and administrative operations.						
External Relations						
9. The ED has served as an effective Company’s representative in communicating with all stakeholders.						
10. The ED has assured that the Company maintains positive relationships in the community and cultivates good working relationships with community groups and organizations.						
Human Resources Management/Relations						
11. The ED effectively monitors procedures and practices pertaining to human resources, including appraisal process and rewarding systems for management and employees.						
12. The ED has ensured that the company has good internal communication and treated all personnel fairly, without favoritism or discrimination.						
13. The ED has effectively reviewed the Company’s succession plan, and, if appropriate, made necessary changes by taking into account conditions that are external or internal to the Company.						



EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
14. The ED has put in place the processes and programs required to create a pipeline of future leadership.						
Product/Service Knowledge						
15. The ED has demonstrated a thorough knowledge and understanding about key aspects of the Company’s products and services.						
16. The ED has a good understanding of the company’s business model and allocation of its resources, as well as business and industry environment.						
17. The ED has regularly demonstrated creativity and initiative in creating new products and services.						

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Board performance					

Please suggest three things that could improve Board’s performance.

Name of Director:

- a)
- b)
- c)

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Signature:

Date:

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