

BROOKS LABORATORIES LIMITED

BOARD PERFORMANCE EVALUATION POLICY

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*The following "Board Performance Evaluation Policy" is for the use to the Board of Directors of Brooks laboratories Limited ("Company") and is drafted for approval and adoption by the Board as per statutory requirements given at **Annex-I**.*

INTRODUCTION

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, Listing Obligations and Disclosure Requirements, 2015 with Stock Exchanges, internal 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 and in the best interest of the company and its stakeholders. Accordingly, the present policy for performance evaluation is being put into place in accordance with the requirements of section 178 of the Companies Act, 2013 which provides that a policy is to be formulated and recommended to the Board, setting the criteria, based on which the performance of every director including the performance of the Committees and Board as a whole shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

With an aim to maintain a proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure that individual directors ("Directors") and the Board of Directors of the Company ("Board") as a whole work efficiently and effectively in achieving Company's objectives. This policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees, individual directors and Chairperson of the Company. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

EFFECTIVENESS OF THE BOARD:

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

RESPONSIBILITY OF BOARD/ INDEPENDENT DIRECTOR:

It shall be the duty of the Company to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system Brooks Laboratories Limited Board Performance Evaluation Policy to improve the directors', committees' and Board's effectiveness, to maximize their strength and to tackle their shortcomings.

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

I. Review the various strategies of the Company and accordingly set the performance objectives for directors, consistent with the varying nature and requirements of Company’s business.

II. 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.

In conformity with the requirement of the Act, the performance evaluation of all the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are required to evaluate the performance of non – independent directors, Committees and Board as a whole. The Independent Directors should also evaluate the performance of Chairperson of the Company, taking into views of Executive and Non-Executive Directors. The independent directors of the Company shall hold at least one meeting in a year to exercise the functions as mentioned in Act and its applicable Schedules.

EVALUATION FACTOR:

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation parameters, various descriptors have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors, as such evaluation factors may vary in accordance with their respective functions and duties. The evaluation scale is a simple three point scale i.e. Below Expectations (1) Meets Expectations (2) and Above Expectations (3).

Appraisal of each Director of the Company by the other Directors shall be based on the criteria as mentioned herein below.

Scale	Performance
3	Above Expectations
2	Meets Expectations
1	Below Expectations

The Company has chosen to adopt the following Board Performance Evaluation Process:

INDEPENDENT DIRECTORS:

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

Sl. No.	Assessment Criteria
1.	Qualification, Experience and Knowledge in relevant field of entity.
2.	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
3.	Adherence to ethical standards & code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.
4.	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
5.	Interpersonal relations with other directors and management.
6.	Objective evaluation of Board's performance, rendering independent, unbiased opinion etc.
7.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
8.	Safeguarding interest of whistle-blowers under vigil mechanism and safeguarding of confidential information.
9.	Independence from the entity and there is no conflict of Interest.
10.	Independent Views and Judgement.

Based on the above criteria each of the Independent Directors has to be assessed by the other directors (including other Independent Directors) by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

Assistance in conducting the process of evaluation shall be provided by a person as authorized by the Board and for this purpose, such person shall report to Board.

NON-INDEPENDENT DIRECTORS/WTD:

Sl. No.	Assessment Criteria
1.	Qualification, Experience and Knowledge in relevant field of entity.
2.	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
3.	Adherence to ethical standards & code of conduct of Company.
4.	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.
5.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance.
6.	Team work attributes and supervising & training of staff members.
7.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.
8.	Safeguarding interest of whistle-blowers under vigil mechanism and safeguarding of confidential information.

Based on the above criteria each of the Non – Independent Directors / WTD has to be assessed by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total number of ratings awarded will be averaged over the number of persons who have awarded the rating. This process of evaluation shall be done by Independent Directors only. Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

BOARD OF DIRECTORS:

Sl. No.	Assessment Criteria
1.	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2.	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
3.	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
4.	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues.
5.	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
6.	Company has necessary Committees which are required and these Committees are working effectively.
7.	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its Audit Committee).
8.	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
9.	The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
10.	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.

Based on the above criteria Board has to be assessed by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

The performance of Committees of Board shall also be reviewed from time to time.

COMMITTEES OF BOARD:

Sl. No.	Assessment Criteria
1.	Composition and Working procedures of the Board of Directors is clearly defined and disclosed.
2.	Committees have fulfilled its functions as defined by the Board.
3.	The Committees are properly structured and meetings are regularly held.
4.	The Committees ensures the adequate independence from the Board.
5.	The Committees recommendations effectively contribute to the Board's decision.

Based on the above criteria Board has to be assessed by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

CHAIRPERSON OF THE COMPANY:

Sl. No.	Assessment Criteria
1.	Qualification, Experience and Knowledge in relevant field of entity.
2.	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
3.	Adherence to ethical standards & code of conduct of Company.
4.	The Chairman displays efficient leadership, Open-minded, decisive, Courteous, displays professionalism, and overall able to steer the meeting effectively.
5.	The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent.
6.	The Chairperson is sufficiently committed to the Board and able to keep shareholders interest in mind.

Based on the above criteria Board has to be assessed by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

REVIEW:

The performance evaluation process and related tools will be reviewed by the “Nomination and Remuneration Committee” on need basis, and the Committee may periodically seek independent external advice in relation to the process.

The, committee may amend the 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 Nomination and Remuneration Committee.

DISCLOSURE:

The Company will disclose details of its Board Performance Evaluation processes in its Board’s Report and the key features of this Policy would also be included in the corporate governance statement contained in the annual report of the Company.

Further, the Board’s report containing such statement will be made available to shareholders at the general meeting of the Company. The Policy will be available in the public domain i.e. on the website of the Company.

ANNEXURE-1

In an endeavor to safeguard the interest of public at large, the Companies Act, 2013 ('Act') provides that the performance of the board of directors of listed companies and prescribed class of companies must be reviewed regularly against appropriate measures. For this purpose, the Nomination and Remuneration Committee of a company has been obligated under **Section 178 of the Act** to formulate a policy for recommending to the Board of directors of the company, setting the criteria based on which the performance of every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Based on such performance evaluation, remuneration of directors, key managerial personnel and employees shall be determined. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner. Relevant extracts of Section 178 of the Act reads as follows:

Section 178 of Companies Act, 2013:

"Section 178(2)- Nomination and Remuneration Committee and Stakeholders Relationship Committee

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.

The Act, under Schedule IV, prescribes a code of conduct, other functions and duties of independent directors, which strives to raise the bar for standards of performances of independent directors. The spirit of the code of conduct for independent directors and their performance evaluation is that they are expected to adhere to professional conduct and to use their skills and independence for implementing the best corporate governance practices in the interest of shareholders, particularly minority shareholders.

Independent Directors are also duty bound to evaluate the performance of non – independent directors, chairperson of the company and the board as a whole. The Act empowers the independent directors to hold separate meeting without the presence of other directors to assess the performance of Board. In fact, the Act provides under Schedule IV of the Act, that the independent directors of the company **shall** hold at least one meeting in a year, without the presence of non-independent directors and members of management.

Schedule IV to Companies Act, 2013

"Schedule IV- CODE FOR INDEPENDENT DIRECTORS

II. Role and Functions: (2) 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 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.”*

In addition, as per the requirement of Section 134 of the Act, disclosures are required to be made in the board's report, which shall contain a statement indicative of the manner in which directors' performance, performance of various committees and performance of the Board as a whole have been assessed by the Board. Such Board's report will be laid before the shareholders in the general meeting of the Company. The relevant abstract of Section 134 of the Act have been provided below:

Section 134 of Companies Act, 2013

“Section 134 - Financial statement, Board's report, etc

....

(3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include-

....

(p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors...”

Rule 8 (4) of the Companies (Accounts) Rules, 2014

Every listed Company and every other public company having paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Main Provisions under SEBI LODR with respect to Board Evaluation

CHAPTER II:

4(2)(f)(ii): Key functions of the Board of Directors – (9) Monitoring and reviewing board of director's evaluation framework.

Chapter IV:

17(10): The performance evaluation of independent directors shall be done by the entire board of directors:

Provided that in the above evaluation the directors who are subject to evaluation shall not participate:

25(3): The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of Non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

(4) The independent directors in the meeting referred in sub-regulation (3) shall, inter alia-

(a) review the performance of non-independent directors and the Board of Directors as a whole;

(b) review the performance of the chairperson of the listed entity, taking into the account the views of executive directors and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Schedule II (PART D) (A) ROLE OF NOMINATION AND REMUNERATION COMMITTEE:

Role of committee shall, inter alia, include the following:

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Schedule V: Corporate Governance Report. The following disclosures shall be made in the section on the corporate governance of the annual report.

(4) Nomination and Remuneration Committee:

(d) Performance evaluation criteria for independent directors.