

BOARD DIVERSITY POLICY

1. INTRODUCTION

As prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), one of the key functions of the Board of a listed company is to ensure existence of a transparent board nomination process with a focus on diversity of thoughts, varied experience, industry knowledge, broader perspective, integrity and gender representation.

As per Part D of Schedule II of SEBI Listing Regulations, it is one of the key role of Nomination and Remuneration Committee to devise a policy on diversity of board of directors.

A diversified board not only enhances board effectiveness by ensuring rational, pragmatic and quick decision making but also better understands and connects with the stakeholders to attain the Company's stated goals and strategic objectives.

2. APPLICABILITY

This Board Diversity Policy (the "**Policy**") aims to set out the approach to achieve diversity on the Board of Directors (the "**Board**") of the Company. Ethnicity, age and gender diversity are areas of strategic focus to the composition of our Board.

This Policy applies to the Board of Directors ("**Board**") of Bharat FIH Limited (the "**Company**"). It does not apply to employees of the Company generally.

3. EFFECTIVE DATE

The Board at its meeting held on December 14, 2021 has approved and adopted the Policy. The Policy shall become effective from December 14, 2021.

4. POLICY STATEMENT

With an aim to achieve a sustainable and balanced development, the Company recognises increased diversity at the Board level, as an essential ingredient in supporting the attainment of its strategic objectives and its sustainable development.

A truly diverse Board will include and make good use of differences in the skills, different skills, qualifications, professional experiences, knowledge, gender, ethnicity, background and other distinguished qualities of the members of the Board, necessary for driving business, achieving competitive advantage, effective corporate governance, and sustainable and balanced development.

The Company maintains that Board appointments are to be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account discrete characteristics reflected in the individual members, that the Board might consider relevant to function effectively and efficiently.

The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

Bharat FIH Limited believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- drive business results;
- make corporate governance more effective;
- enhance quality and responsible decision making capability;
- ensure sustainable development; and
- enhance the reputation of the Company.

The Nomination and Remuneration Committee ('Committee') is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

5. BOARD DIVERSITY

The term "Diversity" of Board has not been defined. Diversity is achieved, functionally, residence and gender wise, whereby the Board has an optimum combination of executive, non-executive, independent, resident, woman director and small shareholders' director/s. The Nomination and Remuneration Committee of the Board in their nomination process and while making recommendations to the Board shall also endeavour to have an optimum combination of directors from different fields/walks such as Management, Legal, Finance, Marketing, Human Resources, Bureaucracy, Public Policy etc. and adequate representation of Women directors on the Board.

6. BRIEF OVERVIEW OF THE LAWS

Sections 149,152 & 178 of the Companies Act, 2013, The Companies (Appointment and Qualification of Directors), Rules 2014 and The Companies (Meetings of Board and its Powers), Rules 2014

- Every company shall have a Board consisting of individuals as directors and shall have minimum three directors and maximum fifteen directors in case of public company.
- Every listed company i.e. a company upon getting its securities listed at a recognized stock exchange has to appoint at least one-woman director on the Board. Any intermittent vacancy shall be filled up at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later.
- Every Company shall have at least one director who stays in India for a total period of not less than 182 days during the financial year.
- Every listed company shall have at least one-third of the total number of directors as independent directors whose period of office is not liable to determination by retirement by rotation.
- Independent Director shall meet the criteria of independence.
- Any intermittent vacancy in the office of independent director shall be filled up at the earliest but not later than immediate next Board meeting or three months from the date of such

vacancy, whichever is later.

- Unless the articles provide for the retirement of all directors at every Annual General Meeting, not less than two third of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation.
- The Board of every listed company shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 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 specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

Regulation 17 of the SEBI Listing Regulations:

- The Board shall have an optimum combination of executive and non-executive directors with at least one-woman director (. In case the Company falls under top 1000 listed companies by market capitalization, it shall appoint at least one-woman independent director) and not less than fifty percent (50%) of the Board comprising non-executive directors.
- Where the Chairman of the Board is a non-executive director, at least one- third {1/3} of the Board shall comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half i.e. (50%) of the Board should comprise independent directors.
- Where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half (50%) of the Board shall consist of independent directors.
- A listed entity shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect.
- With effect from April 1, 2022, the top 500 listed companies shall ensure that the Chairperson of the board of such listed companies shall -
 - a. be a non-executive director;
 - b. not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

7. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Nomination & Remuneration Policy**");
- For every appointment of an independent director, evaluation of the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparation of a description of the role and capabilities required of an independent director. The person

recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

- a. uses the services of an external agencies, if required;
 - b. considers candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. considers the time commitments of the candidates;
- Formulation of criteria for evaluation of independent directors and the Board;
 - Devising a policy on Board diversity;
 - 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 their appointment and removal and carrying out evaluation of every director's performance (including independent director);
 - 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;
 - Recommend to the Board, all remuneration, in whatever form, payable to senior management;
 - Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.
 - The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that –
 - a. at the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
 - Performing such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
 - a. administering the existing and proposed employee stock option schemes formulated by the Company from time to time (the "Plan");
 - b. determining the eligibility of employees to participate under the Plan;
 - c. granting options to eligible employees and determining the date of grant;
 - d. determining the number of options to be granted to an employee;
 - e. determining the exercise price under the Plan; and
 - f. construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the Plan.

- Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
- Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the SEBI Listing Regulations or by any other applicable law or regulatory authority.

8. MEASURABLE OBJECTIVES

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, culture, educational background, ethnicity, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity, age etc.) will be disclosed in the Corporate Governance Report annually.

9. MONITORING

The Nomination and Remuneration Committee is (among other things) responsible for:

- formally assessing the appropriate mix of Diversity, skills, experience and expertise required on the Board and assessing the extent to which the required skills are represented on the Board
- making recommendations to the Board in relation to Board succession, including the succession of the Chairman, to maintain an appropriate mix of Diversity, skills, experience and expertise on the Board and
- reviewing and reporting to the Board in relation to Board Diversity.

10. REPORTING

The Nomination and Remuneration Committee shall support in laying down a succession plan and drive the understanding of talent across the organization and support development programme for the Board. As a part of the exercise, it will also review and suggest training for directors. Amongst the key requirements is to plan for the evolution of non-executive directors over the medium term to maintain appropriate mix of skills, age and gender diversity on the Board

The Nomination and Remuneration Committee will report to the Board on:

- initiatives undertaken by the Committee in relation to board Diversity and to achieve the measurable objectives.
- progress in achieving the measurable objectives and to make recommendations to the Board on the same.

The Remuneration and Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of the Policy.

The Company shall provide sufficient information about this Policy to its shareholders, and provide information regarding the composition of the Board, the areas of expertise of each director and

their qualification / characteristics etc. The necessary disclosures about the policy and other details should be made as per the requirements of the SEBI Listing Regulations and the Act.

11. RESPONSIBILITY AND REVIEW

The Nomination and Remuneration Committee will review the Policy, from time to time, to ensure the effectiveness of the Policy. The Nomination and Remuneration Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

12. DISCLOSURE OF THE POLICY

The Policy will be uploaded on the Company's website for public information.

A summary of the Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed in the Corporate Governance Report annually.