



the Spirit of Innovation

DIVGI TORQTRANSFER SYSTEMS LIMITED

POLICY FOR BOARD DIVERSITY

Document Control

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1. INTRODUCTION

This Policy on Board Diversity (the “**Policy**”) for the Board of Directors (the “**Board**”) of DIVGI TORQTRANSFER SYSTEMS LIMITED (the “**Company**”) has been formulated by the Nomination and Remuneration Committee (“**NRC**”) in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) to assure that the Board is fully diversified and comprises of an ideal combination of Executive and Non-Executive Directors, including Independent Directors, with diverse backgrounds.

Diversity in the composition of the Board of Directors has become essential in view of the expansion of business, greater social responsibility, increasing emphasis on Corporate Governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of a company.

In view of the above, Divgi TorqTransfer Systems Limited (“Company”) has framed this Policy on Board Diversity and Director Attributes (“Policy”) that encourages diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Policy sets out the approach to diversity in the Board of Directors of the Company so as to ensure that the Board has an appropriate blend of functional and industry expertise.

2. OBJECTIVES OF THE POLICY AND PURPOSE

The Policy is framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of various members of the Board in such a way that it collectively benefits the business and the Company as a whole. The basic essence of the Policy is to provide a framework for leveraging on the diverse knowledge and expertise of the Board which can offer its valuable guidance to the management consistent with the Company’s business perspective.

The Objectives of the Policy include:

- i. Board to drive diversity and have an appropriate blend of functional and industry expertise;
- ii. While recommending the appointment of a director to, *inter alia*, consider the manner in which the function and domain expertise of the individual contributes to the overall skill domain mix of the Board;
- iii. To help the Company build a better Board that can draw upon a wide range of perspectives, expertise, knowledge and experience;
- iv. To achieve an optimum and balanced Board, with a wide range of attributes;
- v. To encourage healthy and open discussion and promote independence of judgement in Board and Committee deliberations; and
- vi. To have an optimum mix of Executive, Non-Executive and Independent Directors, including Women Directors.

3. APPLICABILITY

As per Regulation 19 (4) read with Part D of the Schedule II of the Listing Regulations, the NRC of the Company has to devise Policy on board diversity. The Policy applies to the composition of the Board only and does not apply to diversity in relation to the employees of the Company.

4. POLICY STATEMENT

To meet the above Objectives:

- i. The Board of the Company will ensure that a transparent Board nomination process is in place that encourages diversity of thought, experience, skills, knowledge, perspective, age, nationality, gender, cultural and educational background;
- ii. It will be ensured that the Board has an appropriate blend of functional and industry expertise and skills;
- iii. The consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of any candidate's integrity, experience, educational background, industry or related experience and more general experience;
- iv. Candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience and having the ability to devote sufficient time to the affairs of the Company, should be considered for appointment to the Board; and
- v. While recommending the appointment of a Director, the NRC will consider the criteria as laid down under the Act and applicable Regulations/Guidelines issued by Statutory and Regulatory authorities, as also those issued by the Company, from time to time, and the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

5. MEASURABLE OBJECTIVES

The NRC will largely rely on the regulatory provisions of the Act and the Regulations/Guidelines issued by the SEBI or other regulatory authorities as may be applicable and review the measurable objectives for achieving diversity against these provisions and recommend the same to the Board for adoption. At any given point of time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

5. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The NRC, *inter alia*, is responsible for reviewing and assessing the composition of the Board as well as for identifying and recommending appropriately qualified candidature(s), to hold directorship in the Company.

The size of the Board in terms of number of members and composition with respect to executive, non-executive and independent directors, shall be reviewed by the Board in accordance with the Company's Articles of Association, Act, LODR and any other applicable laws, rules and regulations.

6. REVIEW OF THE POLICY

The NRC shall review the Policy from time to time, to ensure the effectiveness of the Policy. The NRC shall discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

7. DISCLOSURE OF THE POLICY

The necessary disclosure, if any, about the Policy will also be made as per the requirements of SEBI Listing Regulations and other applicable laws.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.