

# POLICY ON BOARD DIVERSITY

**Policy on Board Diversity**

<b>Action</b>	<b>Entity</b>	<b>Signature</b>
<b>Created by</b>	Secretarial & Compliance	
<b>Reviewed by</b>	Nomination and Remuneration Committee and Risk Management Committee	
<b>Approved by</b>	Board of Directors	
<b>Release Date</b>	January 20, 2023	
<b>Version</b>	1	

## **INTRODUCTION**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) the Nomination and Remuneration Committee (“NRC”) of the Board is, *inter alia*, required to formulate a Policy on Board Diversity.

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. Arka Fincap Limited (“the Company”) acknowledges that 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.

Accordingly, the Board of Directors of the Company have adopted this “Board Diversity Policy” based on the recommendations of the NRC.

The Policy shall be effective from January 20, 2023.

The Policy will be available on the website of the Company.

## **POLICY STATEMENT**

The Company recognizes and embraces the benefits of a diverse Board and perceives increasing diversity at Board level as an essential element in maintaining a competitive advantage. In order to ensure that the Company’s Board has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Further, a mix of executive, independent and other non-executive directors is one important facet of diverse attributes that the company desires

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination.

The Nomination and Remuneration Committee (“NRC”) is responsible for reviewing and assessing the composition as well as identifying appropriately qualified persons to occupy Board positions.

Accordingly, the factors to be considered by NRC for recommending the appointment of a person as a member of the Board of Directors of the Company may *inter alia* include the following:

- In terms of the provisions of SEBI LODR, the Board of Directors shall have an optimum combination of executive and non-executive directors with at least 1 woman director and not less than 50% of the Board of Directors shall comprise of non-executive directors.
- The appointment of Independent Directors should affirm compliance with the Act and SEBI LODR.

- To ensure that the composition of the Board of Directors is in compliance with the Act, SEBI LODR and applicable laws, acts, rules and regulations.
- To promote having a Board comprising of people from all ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;
- To endeavor to have a mix of members with different educational qualifications, knowledge and with adequate experience in finance, accounting, economics, legal and regulatory matters, corporate governance, the environment, green technologies, operations of the company's businesses and other disciplines related to the company's businesses.
- To ensure no person is discriminated against on grounds of religion, race, 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
- 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.
- While recommending the appointment of a Director, the NRC will consider the criteria as laid down under the Act, SEBI Regulations and applicable Regulations/Guidelines issued by Statutory and Regulatory Authorities, 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.
- Such other criteria/factors as may be deemed appropriated by NRC

#### **PERIODIC REVIEW**

The NRC will review the Policy periodically and will discuss any revision that may be required and recommend the same to the Board for approval.