



POLICY ON BOARD DIVERSITY

aarvee engineering consultants limited



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POLICY ON BOARD DIVERSITY

1. INTRODUCTION

1.1. The Policy on Board Diversity (the “**Policy**”) sets out the approach to diversity on the Board of Directors of (the “**Board**”) of **Aarvee Engineering Consultants Limited** (the “**Company**”) (AECL).

1.2. Regulation 19(4) read with Part D (A) (3) of Schedule II of Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) requires the **Nomination and Remuneration Committee** (“**NRC**”) of all the listed companies to formulate a Policy on diversity of the Board of Directors.

1.3. Accordingly, the Board of the Company has adopted the Policy at its Meeting held on _____ (after incorporation of NRC committee) by the Board, based on the recommendation of the Nomination, Remuneration and Compensation (“**NRC**”) Committee, in accordance with the LODR 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.

2. OBJECTIVE

To ensure a transparent Board nomination process with the diversity of thoughts, experience, knowledge, expertise, perspective and gender in the Board in accordance with the requirements of the business of the Company.

3. SCOPE

The Policy applies to the composition of the Board only and does not apply to diversity in relation to the employees of the Company. This Policy would take effect upon listing of the securities of the Company in the Stock Exchange(s).

4. POLICY STATEMENT

4.1. The Company believes that a diverse Board will enhance the decision making of the Board by utilizing the difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of services, and other distinguishing qualities of the members of the Board. Diversity will be considered in determining the optimum composition of the Board, and all appointments will be based on merit, having due regard to the overall effectiveness of the Board.

4.2.NRC is responsible for reviewing and assessing the composition of the Board and will make recommendations to the Board on the appointment of new directors. NRC will also review the structure, size and diversity of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's objectives and strategy.

4.3. An effective Board, through its expert members with diverse skill sets and backgrounds, helps the Company to achieve its vision and mission through:

4.3.1. Enhancing the decision-making process, thereby enabling optimum utilization of time and facilitating structured outcomes.

4.3.2. Effectively channelizing the inputs and opinions of the Board members, to arrive at viable solutions forth business challenges and setting strategic outcomes.

4.3.3. Enabling self-development for Board members in terms of gaining from varied skill sets, with the aid of shared expertise of members.

5. COMPOSITION OF THE BOARD

5.1. The Board shall have optimum combination of Executive and Non-Executive Directors and at least 50% of the Board shall comprise of Non-executive Directors.

5.2. Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

5.3. where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors..

5.4. An Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but can be appointed as Independent Director for second term of five consecutive years with the prior approval of Shareholders obtained by way of Special Resolution.

5.5. No Independent Director shall hold office for more than two (02) consecutive terms, but such Independent Director shall be eligible for appointment as an Independent Director

after the expiration of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

5.6. For the purpose of this policy Independent Director means the Independent Director as defined in Regulation 16 (b) of the SEBI LODR Regulations.

5.7. Subject to the provisions of the applicable laws from time to time the Board of Directors of the Company shall comprise of at least one Woman Director.

6. EXPERIENCE AND EXPERTISE

6.1. The Board shall have an optimum combination of Directors having experience in various fields. Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.

6.2. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

6.3. While appointing Independent Directors, care should be taken as to the independence of the proposed appointee.

6.4. Directorship in other companies may also be taken into account while determining the candidature of a person.

7. ROLE OF NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

7.1. NRC of the Board shall review and assess Board composition on behalf of the Board and shall recommend to the Board, the appointment of new Directors based on their qualifications, positive attributes and independence. In reviewing Board composition, NRC shall consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively. 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 Committee may:



- a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- 7.2. 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**, the **Companies Act, 2013**, the SEBI LODR Regulation and any other applicable laws, rules and regulations.
- 7.3. 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.
- 7.4. 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.
- 7.5. recommend to the board, all remuneration, in whatever form, payable to senior management.
- 7.6. The effective implementation of this Policy requires that shareholders will be able to judge for themselves whether the Board as constituted is adequately diverse. To this end, the Company shall continue to provide sufficient information to shareholders about the size, qualifications and characteristics of each Board member.

8. POLICY REVIEW

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

9. REPORTING

The Board's composition (including gender, ethnicity, age etc.) will be disclosed in the Annual Report. The Company shall disclose this Policy on its website www.aarvee.net. Subject to applicable laws, the Board is entitled to amend, suspend or rescind this Policy at any time. 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.

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