

**Criteria for appointment of Directors and those in senior management positions that is who may be appointed as key managerial person/personnel (KMP) or as senior managerial personnel (SMP)**

The applicable regulatory framework governing the criteria for appointment of a Director and officials who may be appointed as KMP or SMP comprises the Companies Act, 2013 (CA2013) and related rules, regulations, notifications, circulars or as prescribed in any other form, Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirement) Regulations, 2015 (SEBI LODR Regulations) and amendments thereto, the Insurance Act, 1938 and Corporate governance guidelines prescribed by IRDAI (IRDAI CG Guidelines) or any other applicable statutory/regulatory requirements. The Company makes appointments to the Board keeping in view the requirements of these statutes/regulations. This policy integrates the requirements of the relevant statutes/regulations and the Company's internal frameworks.

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director

The criteria for determining qualifications, positive attributes and independence of a Director shall encompass the following:

1.1. Qualification and definition of Independent Director as defined under applicable provisions of the CA2013 and the rules made thereunder, the SEBI LODR Regulations, the Insurance Act, 1938, IRDAI CG Guidelines or any other requirements prescribed by Insurance Regulatory and Development Authority of India (IRDAI) and any other law/requirement/regulations applicable from time to time.

- 1.2. Specific criteria for members of Audit Committee

Majority of the members of the Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement.

1.3. Disqualification of Directors as laid down under CA2013 and/or any other law/rules/regulations applicable from time to time.

2. Corporate Governance guidelines prescribed by Insurance Regulatory & Development Authority of India (IRDAI) and SEBI LODR Regulations.

The Company shall familiarise itself with Corporate Governance structures and requirements as per IRDAI CG guidelines dated May 18, 2016 and amendments thereto and SEBI LODR Regulations.

## 2.1. Board Composition

- Insurers should ensure that the Board comprises of competent and qualified Directors to drive the strategies in a manner that would sustain growth and protect the interests of the stakeholders in general and policyholders in particular.
- The size of the Board in addition to being compliant with legal requirements (where applicable), should be consistent with scale, nature and complexity of business. The size and composition should ensure that they collectively provide knowledge, skills experience and commitment along with independence. Further, the Board Members should be in a position to dedicate sufficient time and commitment to fulfilling their responsibilities.
- The shareholders of the companies may elect or nominate Directors from various areas of financial and management expertise such as accountancy, banking, insurance, finance, economics etc., with qualifications and experience that is appropriate to the company.

## 2.2. Fit & Proper criteria

- In line with the international and domestic norms, the Directors of insurance companies have to meet the “fit and proper” criteria. The criteria to be satisfied, at a minimum, would relate to integrity demonstrated in personal behaviour and business conduct, soundness of judgment and financial soundness. Any “fit and proper” requirements prescribed in the Insurance Act, Corporate Governance Guidelines or any other requirements prescribed by IRDAI or any other applicable laws/regulations shall be ensured. Currently, the fit and proper requirements seek to ensure that the Director should not have been convicted or come under adverse notice of the laws and regulations involving moral turpitude or of any professional body. With a view to ensuring that the Directors comply with the above requirement, a due diligence enquiry should be undertaken on the person to be appointed as Director or for the continuance of the existing Directors only after obtaining a declaration from the proposed/existing Directors in the format given for Fit & Proper declaration at the time of their appointment/re-appointment.
- The Directors are also required to enter into a Deed of Covenant as per the format prescribed, with the insurance company, duly approved by the Board, pursuant to their terms of appointment to ensure that there is a clear understanding of the mutual role of the company, the Directors and the Board in Corporate Governance.

## 2.3. Specific criteria for members of Audit Committee

- The Chairman of the Audit Committee should be an independent Director of the Board with an accounting/finance/audit experience and may be a Chartered Accountant or a person with strong financial analysis background. The association

of the CEO in the Audit Committee should be limited to eliciting any specific information concerning audit findings.

### 3. Framework for managing conflict of interest

- The Board of Directors have approved a framework for managing conflict of interest applicable to all Directors and employees, including Key and Senior Managerial Personnel.
- The Board Nomination & Remuneration Committee (Committee) would evaluate the composition of the Board and vacancies arising in the Board from time to time. The Committee while recommending candidature of a Director would consider the special knowledge or expertise possessed by the candidate. The Committee would assess the fit and proper credentials of the candidate and the companies/entities with which the candidate is associated either as a director or otherwise as to whether such association is permissible under IRDAI guidelines, the internal conflict of interest policy of the Company. If associations with particular companies/entities are permissible subject to certain conditions, the Committee will review the fulfilment of such conditions. For the above assessment, the Committee would be guided by the guidelines issued by IRDAI in this regard.
- The Committee will also evaluate the director from the perspective of the criteria for independence prescribed in this Criteria. For a non-executive director to be classified as independent he/she must satisfy the criteria of independence as prescribed and sign a declaration of independence. The Board will review the same and determine the independence of a director after being taking note of the recommendations of the Committee.

4. Identifying persons who are qualified to become directors, and who may be appointed as key and senior managerial person/personnel in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

#### 4.1. Directors:

Clauses 1.1. & 2.1 which cover the areas of expertise as required to be possessed by a director under the CA2013, SEBI LODR Regulations and IRDAI CG guidelines and the due diligence checks to confirm the fit and proper status would be considered while evaluating candidates to fill vacancies caused in the position of wholetime directors. The fundamental core attributes which may be considered for the position of an executive director would be proven leadership capability, ability to successfully manage diverse stakeholder relationships and ability to devise and drive the business strategy of the Company with focus on productivity and risk management.

The wholetime directors should have sufficient tenure to enable them to deliver on the Company's long term business strategy.

#### 4.2. Key Managerial Person/Personnel (KMP) and Senior Managerial Personnel (SMP):

The KMP and SMP shall be personnel as defined under the CA2013, SEBI LODR Regulations and IRDAI CG Guidelines and any amendments thereto.

The Board of Directors of the Company have at their meeting held on April 24, 2018 approved the segregation of the KMPs under the CA2013 and the IRDAI CG Guidelines.

Further, in addition to above, the employees of the Company in the Senior General Manager & above level cadre would be considered as SMP.

A candidate in order to fulfill the criteria of being appointed as a KMP or SMP should have proven skills, performance track record, relevant competencies, maturity and experience in handling core functions relevant to an organisation.