



PHF LEASING LIMITED

BOARD DIVERSITY POLICY

1. PURPOSE

This Policy on Board Diversity ("Policy") for the Board of Directors ("Board") of PHF Leasing Limited ("Company") has been developed by the Nomination and Remuneration Committee ("NRC") in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015"). The purpose of this Policy is to ensure that the Board is fully diversified and encompasses an optimal mix of Executive and Non-Executive Directors, including Independent Directors, with diverse backgrounds.

2. SCOPE

The Policy is designed to underscore the significance of a diverse Board in leveraging the distinct skills and experiences of its members for the collective benefit of the business and the Company as a whole. At its core, the Policy aims to establish a framework for harnessing the diverse knowledge and expertise of the Board, enabling it to provide valuable guidance to the Management in alignment with the Company's business objectives.

3. LAW AND APPLICABILITY

As per Regulation 19 (4) read with Part D of the Schedule II of the SEBI (LODR) Regulations, 2015, 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

The company is committed to fostering a diverse and inclusive Board, recognizing its pivotal role in our success. We believe that diversity in our Board members' backgrounds, perspectives, and expertise, encompassing areas such as finance, global business, leadership, technology, mergers & acquisitions, strategic planning, sales and marketing, environmental and social governance (ESG), risk management, and cybersecurity, among others, enriches our decision-making processes and ensures the sustained competitiveness of our organization.

The company is confident that a diverse Board will play a crucial role in realizing its strategic and commercial goals, including:

- Driving business performance and delivering results.
- Strengthening corporate governance practices for greater effectiveness.
- Elevating the quality of decision-making processes and fostering responsible decision-making capabilities.
- Promoting sustainable development initiatives.
- Enhancing the company's reputation and standing in the industry and broader community.

To ensure a well-rounded composition of executive, non-executive, and independent directors on the Board, the Company will evaluate candidates from diverse backgrounds without discrimination, taking into account the following factors:

- Gender:

The Company is committed to ensuring gender equality in the appointment of directors to the Board. There will be no discrimination based on gender, and the Company actively promotes the appointment of women to senior executive positions to achieve a balanced representation on the Board. In compliance with the Companies Act, 2013, the Company will always have at least one woman director on the Board. Any vacancy for the position of woman director will be filled within a period of six months.

- Ethnicity:

The Company is dedicated to fostering a boardroom environment that includes individuals from diverse ethnic backgrounds. This approach ensures that directors can effectively contribute their extensive knowledge, resources, and understanding to the Company's business for mutual benefit.

- Educational Qualification:

The Board should comprise members with diverse educational backgrounds, knowledge, and significant experience in various fields such as finance, accounting, economics, legal and regulatory affairs, corporate governance, environmental studies, green technologies, and operations pertinent to the Company's businesses. This diverse expertise ensures a well-rounded perspective and effective decision-making for the Company's operations and strategic direction.

5. STAKEHOLDER DIVERSITY

Subject to the provisions of Section 151 of the Companies Act, the Company reserves the right to elect a small shareholders' director upon receiving notice from not less than 1,000 shareholders or one-tenth of

the total number of such shareholders, whichever is lower.

For the purpose of aforesaid clause "Small shareholders" means a shareholder holding shares of nominal value of not more than twenty thousand rupees or such sum as may be prescribed under the Companies Act.

Subject to the provisions of Section 151 of the Companies Act, the Company reserves the right to elect a small shareholders' director upon receiving notice from not less than 1,000 shareholders or one-tenth of the total number of such shareholders, whichever is lower.

6. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("Committee") holds the responsibility of evaluating the composition and effectiveness of the Board, and identifying suitable candidates for Board positions in compliance with relevant laws. The Committee is committed to ensuring that all individuals are considered for Board positions without discrimination based on 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 unrelated to their ability to perform as a Board member.

Accordingly, the Committee will:

- i. Implement the stated principles to foster diversity of perspectives, thereby stimulating creativity and innovation at the Board level.
- ii. During the evaluation of candidates for Director positions, the NRC will assess them based on their individual merits, considering factors such as age, skill sets, experience, level of independence, specific expertise, and specialized knowledge as mandated by Section 10-A of the Banking Regulation Act, 1949. This process aims to ensure that the Board and its Committees benefit from a diverse array of skills, knowledge, practical experience, and representation. The NRC will then recommend suitable candidates for appointment or nomination, subject to approval by the Board.
- iii. Regularly review the effectiveness of induction programs for new directors and training programs for the Board to ensure alignment with the Bank's diversity objectives.
- iv. During the annual performance evaluation of the Board, Chairperson, Committees, and Independent Directors, the NRC will assess the impact of Board diversity on the overall functioning of the Board.
- v. Explore and propose measurable objectives for achieving Board diversity, recommending their adoption by the Board.
- vi. Ensure compliance with the provisions of the Companies Act, 2013, and SEBI Listing Regulations concerning the appointment of Woman Directors.

The Board will maintain an optimal blend of executive, non-executive, and independent directors in

accordance with the company's Articles of Association, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other relevant statutory, regulatory, and contractual obligations.

Effective implementation of this Policy necessitates shareholders' ability to assess the adequacy of Board diversity. Therefore, the company will continue to provide shareholders with sufficient information about the size, qualifications, and expertise of each Board member, in adherence to relevant laws.

The Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

7. MONITORING AND REPORTING

The Policy outlined herein, along with its relevant provisions, shall be disclosed in Companies annual report. Additionally, the Policy will be published on Companies website to ensure public accessibility and transparency.

8. LIMITATIONS, REVIEW AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the applicable law, the provisions of applicable law shall prevail over this Policy. Any subsequent amendment/ modification to the applicable law shall automatically apply to this Policy.

The Committee will review this Policy periodically and recommend appropriate revisions to the Board.