

# ***BOARD DIVERSITY POLICY***

*Approved by the Board of Directors at its meeting held on April 30, 2024*

The Board Diversity Policy (“**Policy**”) sets out the approach & framework to promote diversity on the Board of Directors (“**Board**”) of Five-Star Business Finance Limited (“**Company**”) and is framed in compliance with the provisions of Regulation 19(4) read with Part D of the Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”).

This Policy will be effective from the date of approval by the Board of Directors and will continue to remain effective till such time any changes are effected to the policy and placed to the Board for their approval; further, this policy exclusively applies to the Board of Directors of the Company.

### **Meaning of diversity**

The term “Diversity” of Board of Directors (“**Board**”) has not been defined. Diversity is achieved when the Board has an optimum combination of executive, non- executive, independent, resident/non-resident director/s, woman director/s, & small shareholders director/s in terms of law and corporate governance more particularly based on the functional aspects, residence and gender.

The Company believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity, and ethical behaviour and in complete compliance of laws, as amended from time to time. As per various national/international practices, it would also mean that the individuals of the Board should be diverse in:

- Background
- Education
- Experience
- Knowledge
- Thoughts
- Perspective
- Functional expertise
- Independence
- Age and gender

Diversity would further include differences that relate to communication styles, problem solving & interpersonal skills.

### **Objective**

The purpose for achieving diversity on the Board of the Company is for the benefits of:

- Enhancement of the quality of performance of the Board
- Bring in the expertise in the industry and get best guidance
- Usher in unbiased independence in the performance of the Board
- Eradicate the gender bias in the Board
- Achievement of sustainable and balanced performance and development in the Company
- Support the attainment of strategic objectives of the Company
- Compliance of applicable law/s and good corporate practices

## **Role of the Committee**

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

While all appointments will continue to be made on merit, the Committee shall consider from a range of diversity perspectives, including but not limited to the following qualities/parameters of the individual:

- Educational background
  - Professional experience
  - Skills and knowledge of the Industry
  - Expertise and Perspective
  - Independence in case of Independent Director
  - Gender
  - Age
  - Residency
  - Any other relevant parameters.
- a. The Committee shall recommend to the Board the appointment of the individual as a director keeping in view this Policy;
  - b. The Committee will make recommendations to the Board and ensure transparency in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board;
  - c. Ensure that no person is discriminated against on grounds of gender, marital status, age, religion, race, medical condition, national origin or ancestry or any other personal or physical attribute which does not speak to such person’s ability to perform as a Board Member;
  - d. The Committee shall periodically review the Policy, from time to time, to ensure its effectiveness.

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013 (“**Companies Act**”), the SEBI LODR Regulations and other statutory, regulatory and contractual obligations. Further, the Committee will also assess Board composition on behalf of the Board and recommend to the Board, the appointment of new directors based on their qualification, positive attributes and independence.

The effective implementation of this Policy requires that shareholders are 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.

## **Policy Review**

The Committee will review this Policy and recommend appropriate revisions to the Board, based on any changes in the laws, rules, and regulations applicable. The Board may on its own / based on the recommendations of the committee, amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Companies Act or in the SEBI LODR Regulations from time to time shall be binding even if not incorporated in this Policy.