

I. INTRODUCTION

This Directors Appointment Policy (the “Policy”) is framed in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India vide RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, and as revised from time to time (“the Direction”). to assess and ensure that the Directors who are responsible for steering the affairs of the company are fit and proper, besides having the necessary qualifications.

This Policy shall apply to the individuals to be considered for appointment or reappointment as a director on the Board of Volvo Financial Services India Private Limited (the “Company”/the “enterprise”) and to the continuing directors of the Company. Any references to “Appointment” of Directors also means and includes “re-appointment” of Directors.

Preamble

- This Policy on Appointment of Directors (the “Policy”) applies to the Board of Directors (the “Board”) of Volvo Financial Services India Private Limited (“Company”). This Policy was recommended by the Nomination & Remuneration Committee of Directors (“NC”) and approved by the Board and shall be subjected to periodic review by the NC.
- The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors who should have the capacity and ability to lead the Company towards achieving its stated goals and strategic objectives taking into account the interest of all stakeholders.
- The Board is ultimately responsible for the appointment of Directors to the shareholders for their approval.
- The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of the Company to the NC, which will submit its recommendations to the Board, in accordance with this Policy.

II. COMPOSITION OF BOARD AND COMMITTEES

The Company is professionally managed through the Board of Directors and through its committees. The Company has laid terms with regard to constitution of its Board and committees in its Articles of Association which is in accordance with directions issued by the Reserve Bank of India and the Companies Act, 2013.

III. BOARD OF DIRECTORS

The Board of Directors manages the enterprise under its own responsibility and in the enterprise's best interests, i.e., taking into account the interests of the stakeholders with the objective of creating sustainable added value.

The Board shall ensure that all provisions of law and internal regulations are abided by. It shall also institute appropriate measures reflecting the company's risk situation (Risk Management System) and discloses the main features of those measures. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; the same applies to third parties. The Board shall ensure that an appropriate risk management and risk controlling system is in place.

In accordance with the Articles of Association, the Board of the Company can consist of a minimum of 02 (two) directors and a maximum of 15 (fifteen) directors.

The composition of the Board may change from time to time due to appointment or resignation of Directors, change in applicable laws, strategic decisions by Volvo Group Management or any other reason. The Company shall conduct due diligence, as may be appropriate and appoint person of integrity and expertise keeping in view the business needs of the company.

Criteria for Appointment as a Director of the Company

- Matching the requirements of the Company and enhancing the competencies of the Board are the basis for the NC to shortlist and recommend a candidate for appointment to the Board.
- The NRC while recommending any appointment shall analyze the present and potential future needs and requirements of the Company and the real estate sector in which the Company conducts its business and operations having due regard to the benefits of diversity of the Board.
- The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:
 - highest levels of personal and professional ethics and integrity;
 - high quality attributes such as discipline, objectiveness, sensitivity, creativity;
 - sharing and demonstrating the values of the Company;
 - qualification in relevant disciplines (e.g. finance, management, accountancy, legal, etc.) or being a recognized specialist in disciplines or areas relevant to the Company and/or its business including but not restricted to experience in accounting and finance, administration, corporate and strategic planning;
 - experience in the management of a diverse organization whether located in India and/or overseas;
 - demonstrable ability to work effectively and constructively with the existing directors and senior management;
 - excellent interpersonal, communication and representational skills;
 - demonstrable leadership skills;
 - strong influencing and negotiating skills; and
 - continuous professional development to update knowledge and skills;
 - time commitment required from a Director to properly discharge his fiduciary duties towards the Company; and

- the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment.
- any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/or the rules made thereunder).
- No person shall be considered for appointment/ re-appointment as a Director of the Company, if he/ she is disqualified to be appointed/ re-appointed as such in terms of the provisions of Section 164 of the Companies Act, 2013 or under any other applicable law.
- No person shall be considered for appointment as a Director of the Company, if –
 - He/ she is already a Director in more than twenty companies at the same time including any alternate directorship; or
 - he is already a Director in ten or more public companies or private companies, which is either a holding or subsidiary company of a public company.

IV. NOMINATION & REMUNERATION COMMITTEE

The Company has in place the Nomination & Remuneration Committee in accordance with the provisions of directions issued by the Reserve Bank to Systematically Important Non-Deposit Accepting Non-Banking Financial Companies.

The Nomination & Remuneration Committee consists of 3 (three) directors unless due to resignation(s) or any other unavoidable reason the total strength of the Board of Directors falls below 3. In that case the Nomination & Remuneration Committee can still function with reduced strength (i.e., minimum 2 directors) to appoint additional Directors on the Board. The Nomination & Remuneration Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

The Nomination & Remuneration Committee ("NC") shall ensure fit and proper status of proposed / existing directors. It shall obtain a declaration and undertaking from the directors giving certain information on the directors. The declaration and undertaking shall be on the lines of the format as prescribed by the RBI from time to time. Further, quarterly statement shall be furnished to the Regional Office of the Reserve Bank of India within 15 days of the close of the respective quarter on change of directors and a certificate from the Managing Director of the Company stating that fit and proper criteria in selection of the directors has been followed. The statement submitted by the Company for the quarter ending March 31, shall also be certified by the Statutory Auditors of the Company.

The Nomination & Remuneration Committee may inter alia undertake the following activities in determining the fit and proper status of Directors:

- The Fit and Proper assessments / due diligence on each director to be conducted both prior to initial appointment/ renewal of appointment.
- Undertake the process of due diligence to determine the suitability of the candidate for the appointment/ continuing to hold appointment as a director on the Board.

- Ensure a Deed of Covenant as required under RBI guidelines is executed by the Director.

V. FIT AND PROPER CRITERIA AND DUE DILIGENCE

The Committee shall inter alia, consider the following factors to nominate a potential candidate for appointment/ re-appointment as a director on the Board:

- Educational Qualification
- Experience and field of Technical Expertise
- Age Limit
- Relevant Background and Integrity
- Potential conflicts of Interest and Independence
- Relevant records of professional experience
- Legal Proceedings. If any, against the Candidate/ Director
- Terms and Qualifications prescribed under other RBI Directives, Companies Act, 2013 or any other Statute as may be applicable.
- Signed Deeds and/ Declarations submitted by the Candidate/ Director (as per RBI Directives)

Appointment Procedure for Director

- Every Director shall be appointed/ re-appointed by the Company at the general meeting on the recommendation of the Board.
- No person shall be appointed/ reappointed as a Director of the Company unless he/she has been allotted the Director Identification Number (DIN) and he furnishes to the Company a declaration to the effect that he is not disqualified to become a Director under the provisions of the Companies Act, 2013 and rules made there under or under any other law for the time being in force and files consent to hold the office as Director.
- No person shall be appointed as a Director whose name appears in the list of wilful defaulters published by the Reserve Bank of India.
- The NC shall ensure that the appointment/ re-appointment of Directors of the Company is as per the terms of this Policy and recommendations of candidates are made to the Board for appointment.

Letters of Appointment

- The Managing Director of the Company shall issue a formal letter of appointment to the person appointed as a Director of the Company.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable law, rules and regulations there under and / or for any disciplinary reasons and subject to such applicable laws, rules and regulations, the NC may recommend, to the Board, with reasons recorded in writing, removal of any Director.



VI. REVIEW

The Board or any of its committee may review this Policy from time to time as may be required. Changes, if any, shall be effective only upon approval by the Board.

Policy Review

- This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made thereunder or the Directions issued by RBI and other applicable laws, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- The NC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

VII. VERSION

Version	Changes	Approval Date
3	Annual review	Oct 24, 2024
2	Annual review. No change	July 25, 2023
1	Initial Version	April 17, 2018