



### **PREFACE**

Board Diversity Policy is framed pursuant to the regulatory requirements and guidelines set forth by relevant authorities. In alignment with the Company's values, the Company has recognized the importance of diversity on its board and has taken proactive steps to foster inclusivity. The Company believes that diversity goes beyond mere representation and actively promotes an environment that embraces different perspectives, experiences, and backgrounds to enhance decision-making and overall board effectiveness.

### **OBJECTIVE**

This policy document outlines the Company's commitment to achieving and maintaining diversity on its board of directors. It establishes the guiding principles for board composition, selection processes, and ongoing monitoring to ensure a diverse and inclusive board. The policy considers the recommendations and insights of the Board Diversity Committee, and aims to drive positive change and equal opportunities within the company.

The board diversity policy was approved by the Board of Directors on April 27, 2023, after careful consideration of the recommendations put forth by the Nomination and Remuneration Committee.



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## **1. INTRODUCTION**

1.1. Aarti Surfactants Limited (“Company”) believes in and embraces the benefit of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

1.2. The Company believes that a diverse Board will amongst others-

- a) Enhance the quality of decisions making and ensure better business performance.
- b) Encourage diversity of perspectives thereby fuel creativity and innovation.
- c) Complement and expand the skills, knowledge and experience of the Board as a whole.
- d) Provide better Corporate Governance.
- e) Drive business results
- f) Enhance the reputation of the Company

1.3. The Board of Directors (“Board”) of the Company has therefore decided to consider and formulate a policy on diversity of the composition of Board by the name Policy on Board Diversity (“Policy”). The Policy sets out the approach to have a diversity on the Board of the Company in terms of thought, experience, knowledge, perspective and gender in the Board, based on the applicable laws, rules and regulations applicable to the Company.

## **2. OBJECTIVE**

2.1. The Objective of the Policy is to address the importance of diverse Board in harnessing the unique and individual skill and experience of the members in a way that the collectively benefits the organization and business as a whole. The basic essence of the Policy is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business.

## **3. GOVERNING REGULATIONS**

3.1. In terms of Section 178 of Companies Act, 2013 and Regulation 19(4) read with Schedule II, Part D of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015 and such other regulatory provision.

## **4. POLICY IMPLEMENTATION**

4.1. The Nomination and Remuneration Committee (‘Committee’) is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board Position.



- 4.2. When selecting candidates to be appointed as Directors to the Board, the Nomination and Remuneration Committee shall assess appropriate mix of diversity, ensure that the candidates have the highest levels of personal and professional ethics and integrity, qualifications, appropriate skills, knowledge, experience and expertise in one or more fields of business including finance, accounting, management, sales, marketing, administration, research, corporate governance, law or any other discipline related to the business of the Company.
- 4.3. While evaluating candidates, the Nomination and Remuneration Committee shall also consider the qualifications and skill sets of the existing Non-Executive Directors, to ensure an overall diversity in the skill sets of Board as a whole, keeping in mind the current business operations, future growth, diversification plans and also the need to fill in the competency gaps, if any.
- 4.4. While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.
- 4.5. The Committee shall also oversee the annual review of the Board effectiveness.
- 4.6. Further, the Committee will ensure that no person is discriminated against on the grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.
- 4.7. Accordingly, the Committee shall:
- a) Make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board and;
  - b) Periodically review and report to the Board requirements, if any, in relation to diversity on the Board.
- 4.8. The Board shall have an optimum combination of executive, non-executive directors and Independent Directors in accordance with requirements of Articles of Association of Company, the Companies Act, 2013 and Listing Regulations.

## **5. Review**

- 5.1. The Nomination and Remuneration Committee shall review the policy from time to time, to ensure the effectiveness of the Policy. The Committee shall discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.



5.2. The Policy shall be effective from the date of approval by the Board, unless specified otherwise.

**6. Amendment**

6.1. Any modification in the Policy on account of change in prevailing regulations will be carried out immediately and will be informed to all concerns.

6.2. Any other modifications will be carried out only with the previous approval of the Nomination and Remuneration Committee.