

**TOYOTA FINANCIAL  
SERVICES INDIA LIMITED**

**DIRECTORS APPOINTMENT, RE-  
APPOINTMENT AND EVALUATION POLICY**

*Version 1.3*

<b>Classification</b>	<b>Directors Appointment, Re-appointment and Evaluation Policy</b>
<b>Department</b>	<b>Corporate</b>
<b>Owner</b>	<b>Nithya prabhu R</b>
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***Approval and sign off of Board of Directors: This document has been approved by the Board of Directors and signed off by the Managing Director & CEO as token of approval.***

Narayanaswamy Raja, MD & CEO	
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***TFSIN distribution and signoff list: This document has been issued to the following people for sign-off, review, information & recommendation.***

<b>Name</b>	<b>Designation</b>	<b>Action Required</b>	<b>Signature</b>
Narayanaswamy Raja	MD & CEO	Recommend	
Manabu Ueno	WTD	Recommend	
Norimasa Ogawa	CFO	Recommend	
P Sridhar	CRO	Recommend	
Kazuki Okumura	Executive Co-Ordinator	Recommend	
Nithya Prabhu R	Company Secretary	Review	
Samrat Saha	Manager - Corporate	Revise	
Sandhya Apte	Retainer	Prepared	

**Version history:**

<b>No.</b>	<b>Description</b>	<b>Reason for Change</b>	<b>Reference to Update</b>	<b>Date</b>
1	Policy Approval	NA	Initial issue	13-Mar-2015
1.1	Fit and Proper Criteria for Appointment of Directors is included as part of policy	To align with RBI Master Direction	RBI Master Direction	29-Aug-2017
1.2	Revise the composition of the Board	To include Whole Time Director in Board composition	The Companies Act, 2013	18-Jun-2020
1.3	Revision / addition of clauses as per latest Regulations.	To align with SEBI LODR Regulations	SEBI LODR Regulations	14-Nov-2022

## TABLE OF CONTENTS

Objective.....	3
Board Constitution.....	3
Appointment of Directors.....	3
Re-appointment.....	6
Remuneration to Directors .....	6
Evaluation mechanism .....	6
Review .....	7

## Objective

In accordance with the provisions of the Companies Act, 2013 the Director's Appointment, Re-Appointment and Evaluation Policy ("the Policy") has been formulated.

The objective of the Policy is to:

- Provide criteria for selection of a Director at the time of their appointment and re-appointment;
- Provide the manner of evaluation of the Board of Directors.

## Board Constitution

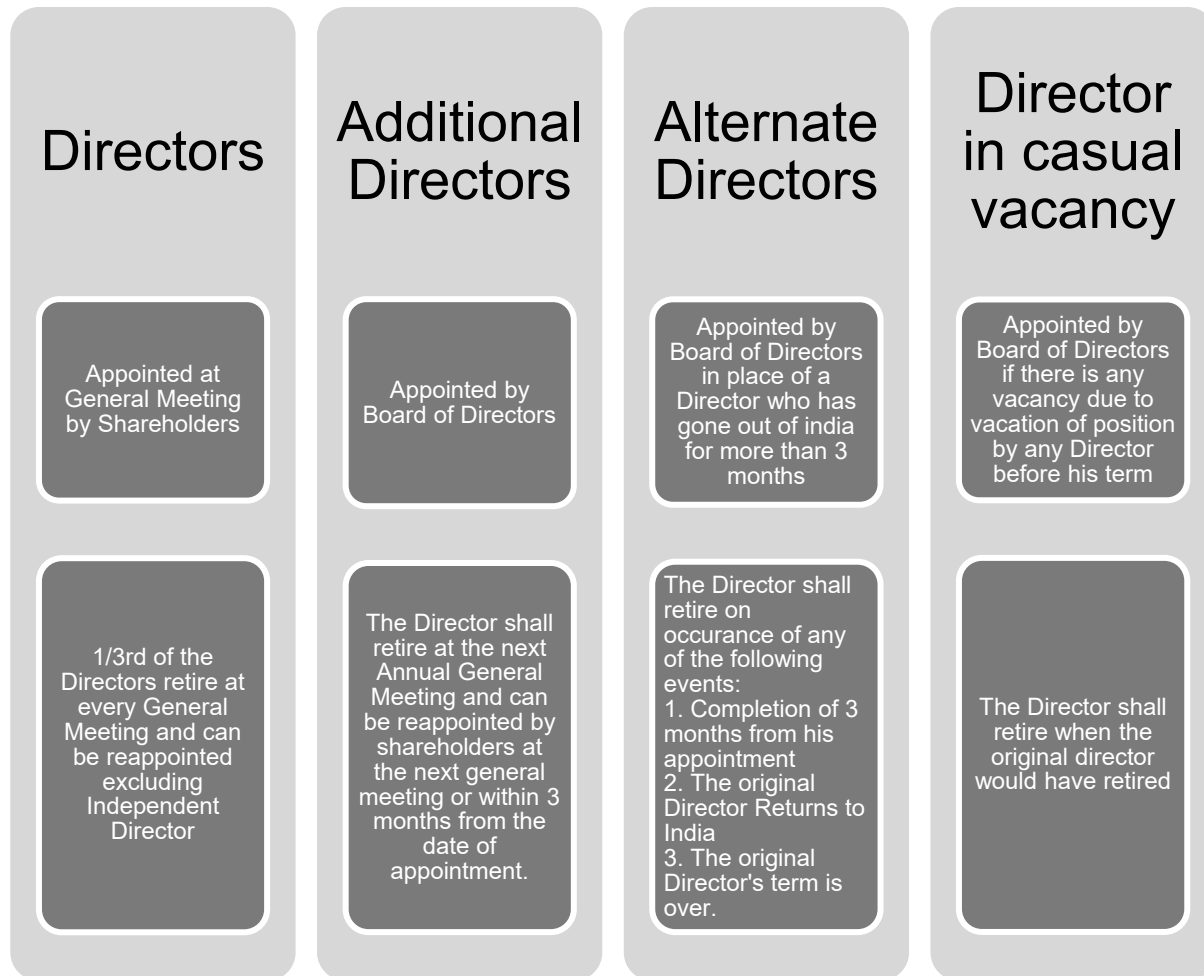
The constitution of Board of Directors ('the Board') shall be in adherence to the norms laid under the Companies Act 2013 ('the Act'), Reserve Bank of India ("RBI") Regulations and the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 ('SEBI LODR Regulations'), as amended from time to time. The Board shall have at least one-Woman Director and not less than fifty per cent of the Board shall comprise of Non-Executive Directors. Where the Chairperson of the Board is a Non-Executive Director, at least one-third of the Board shall comprise of Independent Directors and where no regular Non-Executive Chairperson is appointed, at least half of the Board shall comprise of Independent Directors. The composition of the Board shall be in accordance with the Board Diversity Policy of the Company and at least one of the Directors in the Board shall have experience of having worked in a Bank/ NBFC. The Board shall consist of minimum number of Directors as specified under applicable laws., In case due to resignation or removal of any Director or any other reason, the constitution becomes non adherent to the statutory requirements, the Company shall endeavour to become compliant at the earliest as legally required.

## Appointment of Directors

### I. Types of Directors and Authority for their Appointment

The Board shall have optimum combination of Executive and Non-Executive Directors, such as Managing Director & CEO, Whole Time Director, Independent Directors and Non-executive Non-Independent Directors, as may be determined by the Board from time to time.

Manner of appointment and tenure of Directors shall be as below:



### Appointment of Independent Directors:

Independent Directors shall be appointed by shareholders at Annual General meeting. However, if there is a need to appoint an Independent Director between two annual general meetings, then an Independent Director may be appointed as an Additional Director/ Director in Casual Vacancy by the Board of Directors, but such a Director shall retire at the next Annual General Meeting. At the next Annual general meeting or within 3 months from the date of appointment, whichever is earlier, the Shareholders shall decide whether to re-appoint the Director or not.

Independent Directors shall be appointed for a fixed term not exceeding a maximum of 5 years at a time. Further, an independent Director can be appointed only for two consecutive terms. After two consecutive terms he/ she can be reappointed only after a cooling off period of 3 years. During the cooling off period, the Director should not have any direct/ indirect relationship with Toyota Group. In case the Director is appointed for a term shorter than 5 years at a time, it shall still be considered a complete term for determining two consecutive terms. The Independent Directors shall fulfill the criteria of independence specified in the Act and the SEBI LODR Regulations. Additionally, Independent Directors are not liable for retirement by rotation.

## **II. Fit and Proper Criteria for Appointment of Directors**

The Company shall ascertain suitability of a person to appoint/ continue to hold appointment for the post of Director by way of qualifications, technical expertise, track record, integrity, etc. and other fit and proper criteria. In order to streamline and bring in uniformity in the process of due diligence, while appointing directors, the Company shall ensure to appoint a person possessing the highest personal and professional ethics, integrity and values. The Company shall also ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Board:

- a) The Company shall obtain necessary information and declaration from the proposed / existing directors for the purpose in the format stipulated by Reserve Bank of India from time to time.
- b) The Company shall undertake the process of due diligence at the time of appointment / renewal of appointment to determine the suitability of the person
- c) The Nomination and Remuneration Committee shall scrutinize the declarations given by proposed candidate for Director. The Committee may demand for more information as it may deem necessary to conduct the due diligence.
- d) Based on the information provided in the signed declaration, the Nomination and Remuneration Committee shall decide on the acceptance or otherwise of the Director(s), where considered necessary.
- e) TFSIN shall obtain annually a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- f) The Board shall ensure in public interest that the nominated/ elected directors execute the deeds of covenants in the format stipulated by the Reserve Bank of India from time to time.

### **Additional requirements for Independent Directors:**

Independent Director should meet all criteria of Independence specified in the Companies Act, 2013 and rules made thereunder and the SEBI LODR Regulations.

## Re-appointment

At the time of Re-appointment of a Director, the Nomination and Remuneration Committee shall conduct a due diligence again to determine the Director's Suitability for re-appointment.

The re-appointment of Independent Director shall also depend on the report of his/ her performance evaluation, decision of the Board of Directors and the shareholders.

## Remuneration to Directors

Nomination and Remuneration Committee shall recommend the remuneration of the Directors. This will be then approved by the Board / shareholders. Prior approval of shareholders will be obtained wherever applicable. The remuneration of the Managing Director and Whole-Time Director shall be in accordance with the Compensation Policy of the Company and shall comply with applicable provisions of the Act, SEBI LODR Regulations and the RBI Regulations.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals. Independent Non-Executive Directors shall receive sitting fees for attending the meetings of Board and Board Committees as approved by the Board.

## Evaluation mechanism

There shall be a performance evaluation of every Director and of Board as a whole and its committees. This performance evaluation shall be conducted annually.

The performance evaluation of Independent Directors shall be done by the Board of Directors, excluding the director being evaluated and shall include: -

- (a) performance of the Independent Directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the Management

The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees, and individual Directors to be carried out by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The Independent Directors shall also evaluate effectiveness of Board as a whole, the Chairman of the Board and non-independent directors. This evaluation shall be conducted at a meeting of Independent Directors without the presence of rest of the Board members.

This evaluation shall be in relation to the duties of Directors as specified under the Companies Act 2013 and SEBI LODR Regulations.

## **Review**

This Policy shall be reviewed as and when considered necessary. If any part of this Policy is in conflict with the applicable laws, then it shall override the provisions of this Policy.

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