

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“Act” means Companies Act, 2013 and Rules framed thereunder;

“Board” means Board of Directors of the Company.

“Company” means Mahindra & Mahindra Limited.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR” means the Human Resource Department of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Act and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole Time Director (WTD)
- (ii) Chief Financial Officer (CFO);
- (iii) Company Secretary (CS); and
- (iv) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.

“Governance, Nomination and Remuneration Committee” (GNRC) means Governance, Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Nominee Director” implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests.

“Relative” implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (includes step-father), Mother (includes step-mother), Son (includes step-son), Son’s wife, Daughter, Daughter’s husband, Brother (includes stepbrother), Sister (includes step-sister).

“SEBI Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments made to it from time to time.

As per the Act **“Senior Management”** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

SEBI Listing Regulations **define “Senior Management”** as officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

In line with above, the Board has defined Senior Management to cover the following:-

- Presidents and above
- Functional Heads*
- Chief Financial Officer
- Company Secretary

**Includes Functional Heads reporting to any Board Member but excludes Functional Heads whose function is already represented by a person forming part of “Senior Management”

I. APPOINTMENT OF DIRECTORS

- The GNRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the GNRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the GNRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Act as well as SEBI Listing Regulations. The Company shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier or in such other manner as may be permitted under the applicable law.
- In addition to the above criteria, the GNRC may refer the following:
 - 1) Policy on Board Membership Criteria- Schedule A
 - 2) The Board Diversity Policy - Schedule B
 - 3) Policy on Criteria for determining Independence of Directors (in case of appointment of Independent Directors) - Schedule C

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the Company, the GNRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The GNRC may identify persons from the Senior Management team who are qualified to become directors in accordance with the criteria laid down above and Schedule A, B and C and recommend to the Board about their appointment and removal.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the current and future strategic business plans of the Group.

Board:

The successors for the Independent Directors shall be identified by the GNRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than three months from the date of such vacancy. The company shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board of Directors as an Independent Director is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution or in such other manner as may be permitted under the applicable law.

No independent director, who resigns from the Company, shall be appointed as an executive/ whole time director on the board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.

The successors for the Executive Director(s) shall be identified by the GNRC from among the Senior Management or through external source as the Board may deem fit.

The GNRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

The succession planning process includes succession slates which are mapped for every senior as well as critical role. The succession slate is selected from the Hi Potential Talent identified by Talent Councils. There are formalized accelerator programs which groom this talent through a mix of the roles they get assigned to, exposure and training provided to them. This pool of talent is mapped to the opportunities at Senior levels. Where there is a gap seen, mapping of external talent is done proactively.

SCHEDULE A - Policy on Criteria for Board Membership

- The GNRC works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and relevant experience in business.
- Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the GNRC considers many factors, including one or more skills such as Business experience, Global business / broad international exposure / emerging markets experience, financial experience and risk oversight, technology and innovation, Governance and Regulatory oversight, Sales and Marketing exposure possessed by the Director; and geographic, gender, age, and ethnic diversity.

- The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.
- In determining whether to recommend a Director for re-election, the GNRC also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board/Committees, and the results of the most recent evaluation.
- The Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings as well as the General Meetings of the Company. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities at the Company.

SCHEDULE B - THE BOARD DIVERSITY POLICY

1. PURPOSE

The Board Diversity Policy ('the Policy') sets out the approach to diversity on the Board.

2. SCOPE

This Policy is applicable to the Board of the Company.

3. POLICY STATEMENT

- The Company recognises and embraces the importance of diversity in its success and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. Considering the global footprint of the Company, it is essential that the Company has as diverse a Board as possible.
- A diverse Board will bring in different set of expertise and perspectives. The combination of Board having different skill set, regional and industry experience, varied cultural and geographical background, race, age and gender diversity will bring a variety of experience and viewpoints which will add to the strength of the Company.
- While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies. The GNRC reviews and assesses Board composition on behalf of the Board and recommends appointments of new Directors to the Board.
- In reviewing and determining the Board composition, the GNRC will consider the merit, skill, experience, age, gender, independence, knowledge and skill sets which the Board as a whole requires and other diversity of the Board. The GNRC also oversees the conduct of annual review of Board effectiveness.
 - i. In reviewing Board composition, the GNRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.
 - ii. In identifying suitable candidates for appointment to the Board, the GNRC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.
 - iii. As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the GNRC will consider the balance of skill, experience, age, gender, independence, knowledge and skill sets which the Board as a whole requires and other diversity of the Board, including how the Board works together as a unit, and other factors relevant to its effectiveness.

4. MONITORING AND REPORTING

The GNRC will report annually, in the Corporate Governance section of the Annual Report of the Company, the process it employed in Board appointments.

5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the GNRC as and when required.

6. APPLICABILITY TO SUBSIDIARIES

This Policy may be adopted by the Company's subsidiaries subject to suitable modifications and approval of the Board of Directors of the respective subsidiary companies.

7. COMPLIANCE RESPONSIBILITY

The Compliance of this Policy shall be the responsibility of the GNRC who shall have the power to ask for any information or clarifications from the management in this regard.

SCHEDULE C - POLICY ON CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS

1. PURPOSE

The purpose of this Policy is to define guidelines that will be used by the GNRC /Board to assess the independence of Directors of the Company.

2. INDEPENDENCE GUIDELINES

An Independent Director will need to possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The criteria of Independence shall be as laid down in the Act and SEBI Listing Regulations.

The Board forms an opinion on the integrity, relevant expertise and experience of the proposed candidate considering the following criteria of independence as laid down in the Act and SEBI Listing Regulations and as amended from time to time:-

An independent director in relation to a company, means a non-executive director other than a managing director or a whole-time director or a nominee director –

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company;
(ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- c) who, apart from receiving director's remuneration, has or had no pecuniary relationship exceeding ten per cent. of his total income or such amount as may be prescribed under the Act/SEBI Listing Regulations with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- d) (i) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed under the Act/SEBI Listing Regulations, whichever is lower, during the three immediately preceding financial years or during the current financial year and who meets the other prescribed criteria;
(ii) none of whose relatives –
 - A. is holding any security of or interest in the Company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the Company of face value not exceeding fifty lakh rupees or two per cent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - B. is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed under the Act/SEBI Listing Regulations (i.e. fifty lakh rupees) during the three immediately preceding financial years or during the current financial year;
 - C. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed under the Act/SEBI Listing Regulations (i.e. fifty lakh rupees) during the three immediately preceding financial years or during the current financial year; or
 - D. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (A), (B) or (C);

Provided that the pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

e) who, neither himself nor any of his relatives –

- (i) holds or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company or any company belonging to the promoter group of the Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his employment during preceding three financial years.

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;

- (iii) holds together with his relatives two percent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five percent or more of its receipts or corpus from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
- (v) is a material supplier, service provider or customer or a lessor or a lessee of the Company.

f) who is not less than 21 years of age.

g) who is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director.

GNRC will evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director will need to have the skills and capabilities identified in such description. GNRC will also recommend the manner in which the person identified as an Independent Director meets such requirements.

For the purpose of identifying suitable candidates, the GNRC may:

- a. use the services of an external agency(ies), if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

Further, an Independent Director, who resigns from the Company, shall not be appointed as an executive/ whole time director on the Board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director of the Company.

The Board will also take into consideration any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact the ability of the proposed candidate to discharge his/her duties with an objective independent judgement and without any external influence.

In case of the appointment of a new Independent director or re-appointment of an Independent director the shareholders will be provided with the following information:

- A brief resume of the Independent Director;
- Nature of expertise in specific functional areas;
- Disclosure of relationships between Independent Director inter-se;

- Names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years;
- Shareholding in the company, including shareholding as a beneficial owner;
- The skills and capabilities required for the role and the manner in which the proposed candidate meets such requirements;
- Such other matters as may be required under the applicable law.

Explanations:

Consecutive Terms: He/she shall be eligible for appointment as Independent Director after the expiration of three years of ceasing to be a Director on the Board of the Company provided that he/ she shall not during the said period of three years, be appointed in or associated with the Company in any other capacity, either directly or indirectly.