

## Criteria for Appointment of Independent Directors

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## **BACKGROUND:**

As per provision of Section 178(3) of Companies Act, 2013 (“Act”) and amendments thereof, Nomination and Remuneration Committee (“NRC”) of Onward Technologies Limited (“Company”) is required to formulate the criteria for determining qualifications, positive attributes and independence of a Director. Further, the NRC shall recommend to the Board of Directors of the Company (“Board”) a policy, relating to the remuneration for the Directors of the Company which shall include the remuneration for Independent Directors of the Company (“Independent Directors”).

## **CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS:**

### **1. Qualifications for Appointment of Independent Directors:**

In pursuance of the obligations placed on the NRC of the Company, the NRC shall rely on the following framework of law to determine the criteria for the appointment of Independent Directors on the Board.

- a. A director proposed to be appointed as an Independent Director shall comply with the criteria laid down in Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualifications of Directors) Rules, 2014;
- b. Any Independent Director appointed to the Board is required, pursuant to section 149(8) of the Act, to comply with Schedule IV (Code of Independent Directors) of the Act;
- c. A person to be appointed as an Independent Director shall comply with all the other requirements of a director as stated in Chapter IX (Appointment and Qualifications of Directors) of the Act. These include, but are not limited to, possessing a Director identification number, not falling within the purview of disqualification for appointment as stated in section 164 of the Act, holding the office of Director in accordance with the maximum permissible number of directorships prescribed in Section 165 of the Act, etc.; and
- d. As per Clause 1A of Sub -Part A of Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the NRC is required to 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 shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the NRC may, inter alia, consider candidates from a wide range of backgrounds, having due regard to diversity and considering the time commitments of the candidates.

## **2. Positive attributes of Independent Directors:**

Based on the criteria developed relying on the legal framework, the NRC requires an Independent Director to be appointed to the Board to have the following positive attributes:

- a. Independent Directors shall demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- b. The Independent Directors appointed shall be willing to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- c. The Independent Directors shall be willing to assist in bringing independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- d. The Independent Directors shall have the ability to develop a good working relationship with other Directors and contribute to the Board's working relationship with the senior management of the Company.
- e. The Independent Directors shall be required to act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- f. A person to be appointed as an Independent Director should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant for the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board Members.
- g. A person to be appointed as an Independent Director shall be a person of eminence, integrity, experience, expertise, standing and knowledge.

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