

**POLICY ON SUCCESSION PLANNING, BOARD DIVERSITY AND
INDEPENDENCE OF DIRECTORS**

**EXATO TECHNOLOGIES LIMITED
(FORMERLY KNOWN AS EXATO TECHNOLOGIES PRIVATE LIMITED)**

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I. DEFINITIONS

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

- a) **“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.
- b) **“Act”** means Companies Act, 2013 and Rules framed thereunder;
- c) **“Board”** means Board of Directors of the Company.
- d) **“Company”** means Exato Technologies Limited.
- e) **“Committee(s)”** means Committees of the Board for the time being in force.
- f) **“Employee”** means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.
- g) **“HR”** means the Human Resource Department of the Company.
- h) **“Independent Director”** means an independent director referred to in sub- section (6) of section 149
- i) **“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.
- j) **“Nomination and Remuneration Committee”** (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.
- k) **“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.
- l) **“Relative”** Means relative as defined under the Act, SEBI Listing Regulations and Accounting Standards.
- m) **“SEBI Listing Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments made to it from time to time.

- n) **“Senior Management Personnel”** means Senior Management Personnel as defined under the Company’s Nomination and Remuneration Policy and SEBI Listing Regulations

II. **SUCCESSION PLANNING POLICY:**

a) **Purpose:**

The purpose of the policy is to set out the approach to the development and management of talent in the Company to ensure the implementation of the current and future strategic business plans of the Group.

b) **Scope:**

This policy will cover the succession planning of the board members and the senior management personnel as outlined under:

i. **Board:**

- The successors for the Independent Directors shall be identified by the NRC 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 in accordance with the provisions of the Act and SEBI Listing Regulations, as applicable.
- The company shall ensure that approval of shareholders for appointment of a person on the Board of Directors as an Independent Director is taken in accordance with the provisions of the Act and SEBI Listing Regulations, as applicable.
- 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.
- An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for re-appointment for one further term of up to five consecutive years, in accordance with the provisions of the Companies Act, 2013.
- No Independent Director, who resigns from the Company or whose term expires, shall be appointed as an Executive Director or 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, except in accordance with and after the expiry of such cooling-off period as may be prescribed under the Companies Act, 2013 and SEBI Listing Regulations, as applicable
- The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.
- The NRC will accord due consideration for the expertise and other criteria required for the successor.

ii. Senior Management Personnel:

For SMPs, the Company has a structured succession planning process for all senior and critical roles. High-potential employees are identified and developed through structured accelerator programs, including role rotations, targeted training, and leadership exposure. The developed talent pool is mapped against future senior-level opportunities, and where internal readiness is insufficient, suitable external talent is proactively identified.

III. THE BOARD DIVERSITY POLICY

a) PURPOSE

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

b) SCOPE

This Policy is applicable to the Board of the Company.

c) 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 NRC 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 NRC 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 NRC also oversees the conduct of annual review of Board effectiveness.

i. In reviewing Board composition, the NRC 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 NRC 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 NRC 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.

IV. POLICY ON INDEPENDENCE OF DIRECTORS:

a) PURPOSE

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

b) 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 percent 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 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 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 relative's 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.

REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the NRC as and when required. Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

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.

COMPLIANCE RESPONSIBILITY

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

The provisions relating to Review of the Policy, Applicability to Subsidiaries and Compliance Responsibility shall apply mutatis mutandis to Clause II, III, IV.