



## **POWER FINANCE CORPORATION LIMITED**

### **POLICY ON BOARD DIVERSITY**

#### **1. Purpose**

In accordance with the clause 49 of Listing Agreement as amended, the Company has framed a formal policy on Board Diversity.

#### **2. Vision**

The Company recognizes the importance and benefits of having a diverse Board to enhance quality of its performance.

#### **3. Policy Statement**

The Company believes that a diverse Board enhances the quality of the decisions made by it by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board.

In the process of attaining a diverse Board, the company is also governed by the following provisions of the Articles of Association, Listing Agreement, Companies Act, DPE guidelines etc:

- The total number of directors constituting the Board shall be in accordance with the Articles of Association of the Company.
- The Board of directors of the Company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the Board of Directors comprising non-executive directors.
- At least half of the Board should comprise of independent directors (where the Chairman of the Board is executive) or at least one-third of the Board consisting of independent Directors (where the Chairman of the Board is non-executive).
- The Company shall have at least one woman director on the Board.

In terms of Article 86 of Articles of Association (AoA) of PFC, the directors on the board of PFC are appointed by President of India, through Ministry of Power, Government of India. The following Board/committee is laid down by the Government for selection of Members on the Board of PSUs:

## **FOR SELECTION OF FUNCTIONAL DIRECTORS**

The Public Enterprises Selection Board (PESB) is a high powered body constituted by Government of India with the objective of evolving a sound managerial policy for the Central Public Sector Enterprises and, in particular, to advise Government on appointments to their top management posts. The PESB consist of a part-time or full-time Chairperson and three full-time Members. The Chairperson and Members are persons who have had a long and distinguished career in management of public or private corporations or public administration and have a proven record of achievements, preferably, in the field of personnel, finance, production or marketing. The three full-time Members of PESB are:

- i. A distinguished serving or former Chief Executive of a Public Sector or Private Sector or Joint Sector Enterprise.
- ii. A distinguished person with experience in selection of Top Management personnel.
- iii. A distinguished serving or former Civil servant with experience in management of PSEs or in areas of finance, industry or economic affairs.

## **FOR SELECTION OF NON-OFFICIAL DIRECTORS**

The proposal for appointment of non-official Directors on the Board of PFC is initiated by the Ministry of Power. The selection of non-official Directors is made by the Search Committee. The present composition of the Search Committee is as under.

- i. Secretary (DoPT) - Chairman
- ii. Secretary, DPE
- iii. Secretary of Ministry of Power
- iv. 2 non-official Members

The Ministry of Power appoints the non-official Directors on the basis of recommendations of Search Committee after obtaining the approval of Appointments Committee of the Cabinet (ACC).

Keeping in view the objectives of PFC and the environment in which it works, non-official Independent Directors as mentioned below shall be desirable:

1. Finance and Account Professional(s)
2. Academician(s) from Institute of repute
3. Power/ Banking Sector Professional(s)
4. Public Sector Undertaking Professional(s)
5. Senior Retired Govt. Official(s)

In addition, pursuant to the Article 86(1) of Articles of Association (AoA) of PFC, the Ministry of Power also appoints a Government Nominee Director on the Board of the Company.

### **4. Disclosure of Policy**

This policy will be posted on the Company's website. The necessary disclosure about the policy will also be made as per requirements of Listing Agreement and Companies Act 2013.

### **5. Review of Policy**

The Nomination, Remuneration and HR Committee will review the policy from time to time and make recommendations on any required changes to Board for consideration and approval.

\*\*\*\*\*