



**POLICY FOR SELECTION OF
DIRECTORS AND DETERMINING
DIRECTORS' INDEPENDENCE**

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1. INTRODUCTION:

- 1.1. Lotus Chocolate Company Limited (LCCL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, LCCL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2. LCCL recognises the importance of Independent Directors in achieving the effectiveness of the Board. LCCL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. SCOPE AND EXCLUSION:

- 2.1. This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. TERMS AND REFERENCES:

In this Policy, the following terms shall have the following meanings:

- 3.1. **“Director”** means a director appointed to the Board of a company.
- 3.2. **“Nomination and Remuneration Committee”** means the committee constituted by LCCL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 ('the Act') and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time.
- 3.3. **“Independent Director”** means a director referred to in sub-section (6) of Section 149 of the Act, and Regulation 16 (1) (b) of Listing Regulations.

4. POLICY:

4.1. Qualifications and criteria

- 4.1.1. The Nomination and Remuneration Committee (NRC), and the Board, shall review on an annual basis, appropriate skills, expertise, competences, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's global operations.
- 4.1.2. In evaluating the suitability of individual Board members, the NRC may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background;
- Skills, expertise and competences;
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3. The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
- Shall not be disqualified under the Act, or pursuant to any order of Securities and Exchange Board of India or any other such authority;
- Shall give his/her written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he/she is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his/her shareholding at the first meeting of the board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year and whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Act, Listing Regulations and other relevant laws.

4.1.4. The NRC shall specify the manner for effective evaluation of performance of Board, its committees, Chairman and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance with the objective of having a group that best enables the success of the Company's business.

4.2. Criteria of Independence

4.2.1. The NRC shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same

annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2. The criteria of independence, shall be, as laid down in the Act, Listing Regulations and other relevant laws, if any, as amended from time to time.

4.2.3. The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Act.

4.3. Other directorships / committee memberships

4.3.1. The Board members are expected to have adequate time, expertise and experience to contribute to effective Board performance. Accordingly, members may voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director’s service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.3.2. A Director shall not serve as Director / Independent Director in such number of companies as may be prescribed under the Act, Listing Regulations and other relevant laws, if any.

4.3.3. A Director shall not be a member or act as Chairman of committees of such number of companies as may be prescribed under the Act, Listing Regulations and other relevant laws, if any.