

SHANTHI GEARS LIMITED

BOARD DIVERSITY POLICY

Purpose

The Board Diversity Policy (the Policy) sets out the approach to diversity on the Board of Shanthi Gears Limited (SGL).

Scope

This Policy applies to the Board only and does not apply to diversity in relation to employees of the Company.

Policy Statement

SGL recognizes and embraces the benefits of having a diverse Board. A truly diverse Board comprising of appropriately qualified people with a broad range of experience relevant to the business of the Company, is integral to its success and is also an essential element in maintaining a competitive advantage on a sustainable basis. A truly diverse Board with an inclusive culture will make good the differences in skills, experience, education, gender, age, race, geography, ethnicity, background and other distinctions between the Directors.

The Nomination and Remuneration Committee ("N&R Committee") is responsible for leading the process for Board appointments and for identifying and nominating, for approval by the Board and shareholders, candidates for appointment to the Board.

The Board Diversity Policy shall ensure an optimum composition of the Board such that the talent of all members of the Board blend together to be as effective as possible. The Board should be balanced by members having complementary knowledge, expertise and skills in areas such as business strategy, finance, accounting, legal, marketing, manufacturing, technology and such other areas that the Board considers desirable.

Consideration and selection of candidates for appointment on the Board will be based on merit against objective criteria and in the context of skills, knowledge, personal traits; general experience & background, industry or related experience and expertise including functional expertise. Further, in addition to new appointments, the balance of skills, experience, knowledge and independence of the Board will also be considered as a part of the annual evaluation of the Board performance.

CRITERIA FOR SENIOR MANAGEMENT

The Nomination and Remuneration Committee (N&R Committee) of the Board is responsible for identifying persons who are qualified to be appointed in Senior Management position. The following criteria laid down by the N&R Committee of Shanthi Gears Limited in terms of section 178(2) of the Companies Act, 2013 are to be considered for induction of a person into Senior Management position.

Senior Management for the purpose of this Code shall mean officers and personnel of the Company who are members of its core management team excluding Board of Directors including members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager including any Functional Head, ***by whatever name called and the persons identified and designated as Key Managerial Personnel, other than the Board of Directors.***

The term 'Manager' here refers to a 'Manager' appointed under the provisions of the Companies Act, 2013. The criteria for selection of candidates for appointment/induction to Senior Management position shall be:

Personal Traits

- Highest personal and professional ethics and integrity.
- Share and demonstrate the values embodied in the guiding principles of the Murugappa Group and the Company - "Five Lights" – Integrity, Passion, Quality, Respect and Responsibility.
- Meet the age criteria set by the Company.

Competencies

- Possess specialist knowledge and business acumen relative to the position for which he or she is being considered. • Good leadership skills
- Be innovative.
- Demonstrate intelligence, maturity and wisdom.
- Exercise sound judgement gained through experience and expertise in management/ technical/ financial/ corporate matters in the best interest of the Company as a whole.
- Ability to see and prepare for future, anticipate needs, opportunities and threats.
- Possess managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, creating a shared vision etc.
- Exhibit personal effectiveness
- Ability to influence and drive decisions in the interest of the Company.
- Respect customer centricity.

- Good interpersonal relationship
- An effective team player

Experience and Background

- Highly accomplished and experienced in their respective field of engineering/ finance/ marketing/ corporate affairs, technology/ law/ HRM etc. with superior credentials and recognition.

Fit

- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders.
- Should be able to exercise objective independent judgement on corporate affairs.
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company.
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders.
- Adhere to the Code of Conduct of the Company.
- Protect the legitimate interests of the Company, its shareholders and employees and maintain confidentiality.
- Absence of commitments and other fixed outside obligations.
- Absence of personal and business relationships that would pose a conflict of interest to the position.

This Policy shall come into effect from April 1, 2025.
