

Policy on Board Diversity

NHPC LIMITED

“POLICY ON BOARD DIVERSITY”

PURPOSE

The Policy on Board Diversity (“the Policy”) sets out the approach to diversity on the Board of Directors (the “Board”) of NHPC Limited (the “Company”).

POLICY STATEMENT

The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of diversities in the skills, educational qualifications, regional and industrial/administrative experience, background, gender and other distinctions between Directors. These diversities should be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Company feels that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant from time to time.

In the process of attaining a diverse Board based on the aforementioned criteria, the following needs to be assessed:

(i) Optimum Composition

- a. The Board shall have an optimum combination of executive and non-executive directors and not less than fifty percent of the board of directors shall comprise of non-executive directors in line with the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 (LODR) and DPE Guidelines on Corporate Governance.
- b. Article 33 of the Articles of Association of the Company states that the president shall, from time to time, determine the number of Directors of the Company and which shall be not less than 4 and not more than 15. Provided the number of Independent directors in any case shall not be less than 50% of the actual strength of the Board.

- c. Article 34 of the Articles of Association of the Company states that the Chairman shall be appointed by the President. All other members of the Board of Directors including Vice-Chairman shall be appointed by the President in consultation with the Chairman of the Company. No such consultation will be necessary in case of appointment of Directors representing the Government.
- d. The Company shall have at least one woman Independent Director on the Board.
- e. The number of Functional Directors (including CMD/MD) should not exceed 50% of the actual strength of the Board.
- g. The number of Nominee Directors appointed by Government of India and/or other CPSEs shall be restricted to a maximum of two.
- h. The Board of Directors shall comprise of not less than six directors in line with provisions of LODR

(ii) Functional Diversity

- a. As per the Articles of Association of the Company, all Board appointments are made by the President of India on the basis of merits such as the individual candidate's skills, experience, independence and specialization in one or more areas.
- b. Once appointed by the Government, the appointments are regularized through Board process as per the Companies Act, 2013.
- c. While appointing Independent Directors, care should be taken as to the Independence of the proposed appointee in accordance with the criteria laid down under the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 and DPE Guidelines on Corporate Governance. Directorships in other companies may also be taken into account while determining the candidature of a person for the office of Independent Director.
- d. Knowledge of and experience in areas such as Power Sector, Power Trading, Finance, Legal, Risk Management, Human Resources, etc. should be duly considered while making appointments to the Board level Committees.

REVIEW OF THE POLICY

The Nomination and Remuneration Committee (NRC) will review the policy from time to time and make recommendations on any required changes to the Board for consideration and approval

Version Control Table

Effective Date	Version	Amendment
09.11.2015	1.0	The policy was originally adopted with the approval of Board of Directors in their 389 th meeting.
27.04.2022	2.0	Amended by Board of Directors in their 455 th meeting.