

BofA Securities India Limited's (the "Company") Policy on Director's Appointment by Nomination and Remuneration Committee

1. Background

The Nomination and Remuneration Committee ("the Committee") is a committee of the Board of Directors ("the Board") of the Company to exercise oversight with respect to the Company's compliance with requirements set forth under section 178 of the Companies Act, 2013 ("the Act"). The Committee reports to the Board as required.

The Committee is authorized to investigate any activity or matter within this Policy and the Charter or as authorized by the Board.

The Committee has full and unrestricted access to information as it may be reasonably required and able to obtain independent professional advice deemed necessary.

2. Scope of Duties

The Committee is responsible for exercising oversight with respect to the Company's compliance with the applicable provisions of the Act which include:

A. Nomination

- Identification of persons who are qualified to become Directors and recommending to the Board their appointment
- Formulating the criteria for determining the qualifications, positive attributes and independence of the Directors
- Discussing the proposals for new incumbent(s) who are nominated to be Director to the Board of Directors of the Company
- Reviewing the qualification and credentials of every person nominated to the Board
- Assessing the suitability of the person so nominated to be on the Board of Directors
- Discussing and recommending to the Board that the nominated person is fit and proper person to act as Director to the Company
- Specifying the manner for effective evaluation of performance of Board, the committees constituted by the Company as per the requirements of the Companies Act, 2013 and individual Directors
- Reviewing the implementation and compliance of the manner specified for effective evaluation
- Recommending to the Board of Directors of the Company the removal of Directors
- Identification of persons who may be appointed as the Key Managerial Personnel of the Company, as defined under section 2(51) of the Companies Act, 2013 and who may be appointed in the Senior Management and recommending to the Board their appointment
- Recommending to the Board the removal of Senior Management.

B. Remuneration

- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- As required by the Act, while formulating the policy, the Committee shall ensure that:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
 - The relationship of remuneration to performance is clear and meets appropriate performance benchmarks
 - The remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- The review of compensation decisions for Research Analysts shall be as required by the Securities and Exchange Board of India (Research Analysts) Regulations

3. Director Remuneration

- The Company's Independent Director remuneration philosophy is designed to appropriately remunerate its non-management Directors for the time and effort required to serve. Independent Directors receive remuneration for their participation in the Board or Committees of the Board, which is based on a market analysis in order to provide competitive annual payments reflective of market practices.
- All internal Directors are remunerated based on their scope of responsibility, experience, market pressures and accountability as employees of the Company. Internal Directors do not receive additional remuneration for their membership or participation in the Board or Committees of the Board.

Criteria for Independent Directors as per section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014

An Independent Director in relation to a company, means a 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, experience, appropriate skills 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;
- b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or Directors in the company, its holding, subsidiary or associate company;

c) who has or had no pecuniary relationship, other than remuneration as such Director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

d) none of whose relatives –

i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two 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;

ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or Directors, for an amount of fifty lakh rupees, at any time during the two immediately preceding financial years or during the current financial year;

iii. 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 an amount of fifty lakh rupees, at any time during the two immediately preceding financial years or during the current financial year; or

iv. 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 (i), (ii) or (iii);

e) who, neither himself nor any of his relatives –

i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate 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, 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 the financial year in which he is proposed to be appointed, of –

- a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

- iii. holds together with his relatives two per cent or more of the total voting power of the company; or
- iv. is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company.

Expectations of the Board regarding Directors' qualifications:

The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for business acumen and integrity.

An Independent Director shall 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.

Independent Directors are expected to demonstrate the following personal and professional characteristics:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising their duties;
- exercise their responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- not allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- refrain from any action that would lead to loss of their independence;
- where circumstances arise which make an Independent Director lose their independence, the Independent Director must immediately inform the Board accordingly;
- assist the company in implementing the best corporate governance practices.