



POLICY ON BOARD DIVERSITY AND SUCCESSION PLANNING

November 2022

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Key Policy Information:

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SHAIC-PBDSP	Board & Secretarial	Board	23-05-2021

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1	Nomination Remuneration Committee	Board	2021-22/ May 23 2021	Initial Policy
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1. Introduction

1.1. Background

The Company believes that a diverse Board will enable a more robust understanding of opportunities, issues and risks, enable access to different perspectives, concepts and ideas and stronger oversight of the organisation and its governance for the sustained growth of the Company. The Company believes that diversity including but not limited to skills and experience, knowledge, race, culture/ethnicity, age, gender, will help the Company establish a more effective decision-making process and governance, and take into account the best interests of all stakeholders.

Further, the Company is also required to have a proper plan for succession of Board members and Senior Management so that the Company and stakeholders can more pro-actively address potential vacancies in leadership roles.

Given the above objectives, this comprehensive Policy has been formulated, as required under the LODR 2015, CA 2013 and CGG 2016, and other applicable laws as amended from time to time.

1.2. Objective

The Policy aims to ensure a fair, transparent and non-discriminatory nomination process to the Board considering inter-alia, a good representation of skills and experience, knowledge, race, culture/ethnicity, age and gender of the Board. The Policy seeks to address the importance of a diverse Board with unique and individual skills which will benefit the Company and its business.

The Policy also seeks to put mechanisms in place for effective and efficient succession of Board and Senior Management members.

1.3. Applicability

The Policy on Board diversity is applicable to the Board.

The succession plan is applicable to the Board and Senior Management of the Company.

1.4. Review and approval of Policy

The Committee shall review this Policy whenever required and recommend revisions to the Board for consideration and approval.

The Policy is effective from the date of listing of the securities of the Company in the recognized Stock Exchange/s and the revised versions come into effect from the date of approval of the Board.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy.

2. Policy Requirements

2.1. Policy Statement

This Policy sets out the Company's approach on Board diversity and succession of the Directors and Senior Management in the Company.

It is the endeavour of the Company to maintain Board diversity while retaining its philosophy of selection and appointment of Directors on merit basis.

2.2. Board Diversity

The Committee is responsible for the following:

- a. Reviewing and assessing the composition and performance of the Board.
- b. Identifying appropriate qualified personnel to occupy Board positions.
- c. Suggesting appropriate expertise in insurance sector, management, accounting, finance, technology, leadership, risk management, planning, restructuring, etc., required based on current and future needs of the Company.
- d. Managing the process of recruiting new members to the Board, defining requisite skills and expertise and making recommendations to the Board.
- e. Ensuring that selection process is formal and thorough and non-discriminatory on grounds of religion, race, culture, gender, marital status, childbirth or related medical conditions, national origin, sexual orientation, or any other personal or physical attribute.
- f. Maintaining an appropriate mix of diversity in terms of skills and experience, knowledge, age, gender, culture/ ethnicity, on the Board.
- g. In achieving the above, still ensuring that all appointments are made based on merit.
- h. Review and report any changes in relation to the diversity of the Board.

The Committee shall also review the Board composition in terms of the size of the Board, the composition of executive and non-executive directors and the composition of Independent Directors, each of which shall be in accordance with the requirements of the Articles of Association of the Company, the CA 2013, Insurance Act 1938, CGG 2016, LODR 2015 and other statutory / regulatory requirements but also factor the strategic and business needs of the Company.

Based on the above parameters, the Committee may decide on diversity of the Board.

2.3. Succession plan for Board and Senior Management

The roles and responsibilities of the Committee with respect to succession planning shall, inter-alia, include the following:

- a. To periodically (at least once a year) review and consider the list of Directors and Senior Management due for retirement/attrition within the year and any new vacancies that may arise because of business needs/up-gradation of department(s)/regional office(s).
- b. To identify and nominate suitable candidates for the Board's approval to fill the vacancies which arise in the Board and Senior Management positions from time to time.
- c. To identify the competency requirements of Senior Management positions and assess potential candidates against these competencies.
- d. To develop required competencies internally through planned development and learning initiatives.
- e. To identify the key job incumbents in Senior Management positions and recommend whether the concerned individual should:
 - (i) be granted an extension in term/service or
 - (ii) be replaced with an identified internal or external candidate or recruit other suitable candidate(s).

Where an external candidate is identified, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the date of retirement/relieving of the concerned Director/ officer to ensure the smooth transition.

- f. To ensure that the Company's diversity policy is factored by its recruitment consultants when assisting with identification of candidates for Board / Senior Management positions.
- g. To maintain an ongoing list of potential candidates (both internal and external).

- h. To maintain an emergency succession contingency plan should an unforeseen event such as death or disability occur, that prevents the member of Board or Senior Management from continuing to serve.

In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart (as far as practicable) shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

- i. To ensure that all appointments to the Board and Senior Management positions are in accordance with applicable law.
- j. To ensure that all appointments are made on the basis of merit.
- k. To work closely with the head of Human Resources to ensure orderly successions.

The Executive Directors and members of the Senior Management team shall always endeavour to build capabilities in-house and mentor officials with potential working under him/ her to handle his/her responsibility in his/ her absence.

3. Compliance and Reporting

This policy shall be uploaded on the Company's website for public information.

4. Appendices

4.1. Definitions

- 4.1.1. **Board** means the Board of Directors of the Company.
- 4.1.2. **CA 2013** means the Companies Act, 2013 and rules made thereunder, as amended from time.
- 4.1.3. **CGG 2016** means the Corporate Governance Guidelines for Issuers in India, 2016 issued by the Insurance Regulatory and Development Authority of India.
- 4.1.4. **Committee** means the Nomination and Remuneration Committee of the Board of the Company.
- 4.1.5. **Company** means Star Health and Allied Insurance Company Limited.
- 4.1.6. **Directors** shall mean the members of the Board of Directors including the Independent Directors.
- 4.1.7. **Employee** means permanent or contractual employees of the Company, based in India or overseas and includes employees in the probation or notice period.
- 4.1.8. **LODR 2015** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 4.1.9. **Policy** means this Policy on Board Diversity and Succession Plan as amended and approved by the Board from time to time.
- 4.1.10. **SEBI** means the Securities and Exchange Board of India.
- 4.1.11. **Senior Management** shall mean officers/personnel of the Company who are members of the core management team excluding the Board and shall comprise all Key Managerial Personnel and members of management one level below the Chief Executive Officer/Managing Director/Whole time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board), Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the CA 2013 or LODR 2015 or CGG 2016 or any other applicable law or guidelines.