

TOYOTA FINANCIAL SERVICES INDIA LIMITED

**DIRECTORS APPOINTMENT, REAPPOINTMENT
AND EVALUATION POLICY**

Version 1.5

Contents

I. Objective.....	3
II. Board Composition	3
III. Appointment of a Director	3
IV. Remuneration to a Director.....	5
V. Evaluation Mechanism	6
VI. Review and Amendments	6

I. Objective

This policy is formulated in accordance with the provisions of the Companies Act, 2013 (the Act), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations), and the Reserve Bank of India Regulations (RBI Regulations), which outlines the standards and eligibility parameters for appointment, reappointment and evaluation of the performance of the Directors of the Company.

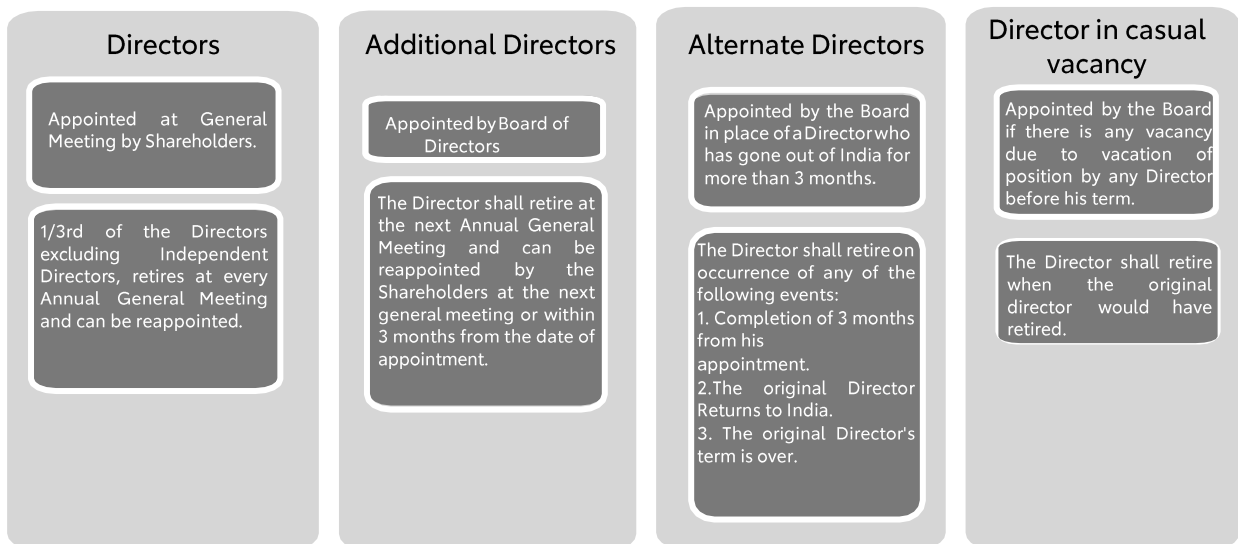
II. Board Composition

- A. The composition of the Board of Directors of the Company (the Board) shall be in adherence to the norms laid under the Act, SEBI LODR Regulations and RBI Regulations.
- B. The Board shall have at least one-Woman Director and not less than fifty per cent of the Board shall comprise of Non-Executive Directors.
- C. Where the Chairperson of the Board is a Non-Executive Director, at least one-third of the Board shall comprise of Independent Directors and where no regular Non-Executive Chairperson is appointed, at least half of the Board shall comprise of Independent Directors.
- D. The composition of the Board shall be in accordance with the Board Diversity Policy of the Company and at least one Director in the shall have experience of having worked in a Bank/NBFC. Moreover, the Independent Director shall not be on the Board of more than three NBFCs (NBFCs-Middle Layer or NBFCs-Upper Layer) at the same time.
- E. The Board shall ensure that no conflict of interest arises from Independent Directors serving on the Boards of other NBFCs concurrently. There shall be no restriction on directorships in NBFCs classified as Base Layer, subject to the provisions of the Act.

III. Appointment of a Director

A. Types of Directors and Authority for their Appointment

1. The Board shall have optimum combination of Executive and Non-Executive Directors, such as Managing Director, Whole Time Directors, Independent Directors and Non-executive Non-Independent Directors, as may be determined by the Board from time to time.
2. Manner of appointment and tenure of Directors shall be as below:



B. Appointment of Independent Directors

1. Appointment Process

- a. Independent Directors (ID) shall be appointed by the Shareholders at the Annual General Meeting (AGM).
- b. In the event of a requirement to appoint an ID between two AGMs, the Board of Directors may appoint such a person as an Additional Director or to fill a Casual Vacancy.
- c. Any such appointment shall be valid only until the next AGM or three months from the date of appointment, whichever is earlier.
- d. At the subsequent AGM or within the said three-month period, the Shareholders shall determine whether to reappoint the Director.

2. Tenure and Reappointment

- a. IDs shall be appointed for a fixed term not exceeding five years at a time.
- b. An ID may serve a maximum of two consecutive terms.
- c. Reappointment after two consecutive terms shall be permitted only following a cooling-off period of three years.
- d. During the cooling-off period, the individual shall not have any direct or indirect association with the Toyota Group.

3. Term Clarification

If an ID is appointed for a term of less than five years, such a term shall still be considered a full term for the purpose of determining eligibility for consecutive terms.

4. Regulatory Compliance

- a. All IDs shall meet the criteria of independence as specified under the Act and SEBI LODR Regulations.
- b. IDs shall not be subject to retirement by rotation.

C. Fit and Proper Criteria for Appointment of a Director

1. The Company shall evaluate the suitability of individuals for appointment or continuation as Directors based on their qualifications, technical expertise, professional track record, integrity, and other prescribed 'fit and proper' criteria. To ensure consistency and rigor in the due diligence process, the Company is committed to appointing individuals who exemplify the highest standards of personal and professional ethics, integrity, and values. The Company shall ensure that the procedures outlined herein are duly followed and that all minimum eligibility requirements are met prior to any appointment to the Board:
 - a. The Company shall obtain necessary information and declaration from the proposed /existing Directors for the purpose in the format stipulated by RBI from time to time.
 - b. The Company shall undertake the process of due diligence at the time of appointment/reappointment to determine the suitability of the person.
 - c. The Nomination and Remuneration Committee (the Committee) shall scrutinize the declarations given by proposed candidate for Director. The Committee may demand for more information as it may deem necessary to conduct the due diligence.
 - d. Based on the information provided in the signed declaration, the Committee shall decide on the acceptance or otherwise of the Director, where considered necessary.
 - e. The Company may obtain annually a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith or alternatively the Company can obtain the complete declaration annually in format prescribed under applicable regulations.

- f. The Board shall ensure in public interest that the nominated/elected Directors execute the deeds of covenants in the format stipulated by RBI from time to time.

D. Reappointment of a Director

1. At the time of re-appointment of a Director, the Committee shall conduct a due diligence again to determine the Director's suitability for reappointment.
2. The re-appointment of ID shall also depend on the report of his/her performance evaluation, the decision of the Board of Directors and the Shareholders of the Company.

E. Continuation of a Director

1. The continuation of a Director serving on the Board shall be subject to the approval by the Shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be.
2. The requirement shall not be applicable to the Whole-Time Director, Managing Director, Independent Director or a Director retiring as per the sub-section (6) of section 152 of the Act, if the approval of the Shareholders of the Company for the reappointment or continuation of the aforesaid Directors is otherwise provided for by the provisions of the Act or SEBI LODR Regulations and has been complied with.
3. The requirement shall not be applicable to the Director appointed pursuant to the order of a Court or a Tribunal or to a Nominee Director of the Government or to a Nominee Director of a financial sector regulator or a Director nominated by a financial institution registered with or regulated by RBI under a lending arrangement in its normal course of business or nominated by a Debenture Trustee registered with SEBI under a subscription agreement for the debentures.

F. Vacancy in the Office of a Director

1. Any vacancy in the office of a Director shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. The requirement shall not apply if the Company fulfils the requirement with respect to the composition of the Board as specified under SEBI LODR Regulations, without filling the vacancy.
2. If the Company becomes non-compliant with the requirement with respect to composition of the Board as specified under SEBI LODR Regulations, due to expiration of the term of office of any Director, the resulting vacancy shall be filled by the Company not later than the date such office is vacated.
3. Any vacancy in the office of the Chief Executive Officer, Managing Director or Whole Time Director shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. However, the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the applicable laws in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

IV. Remuneration to a Director

- A. The Committee shall recommend the remuneration of the Directors including any revision in the remuneration for the approval of the Board of Directors or Shareholders of the Company as may be required.
- B. The remuneration of the Managing Director and Whole-Time Director shall be in accordance with the Compensation Policy of the Company and shall comply with applicable provisions of the Act, SEBI LODR Regulations and RBI Regulations.

- C. The Committee shall also recommend the determination and any revision in the sitting fees payable to IDs for attending the Board and various Committees meeting.

V. Evaluation Mechanism

- A. A structured and periodic performance evaluation of the Board of Directors, including individual Directors and Board Committees, shall be undertaken in accordance with the provisions of the Act, SEBI LODR Regulations, and RBI Regulations. The primary objective of this annual exercise is to assess the effectiveness, contribution, and strategic alignment of each Director and the Board collectively in fulfilling their governance responsibilities.
- B. The performance evaluation of IDs shall be done by the Board of Directors, excluding the Director being evaluated and shall include:
 - 1. Performance of the ID; and
 - 2. Fulfillment of the independence criteria as specified under the applicable laws and their independence from Management.
- C. The Committee shall specify the manner for effective evaluation of performance of the Board, its Committees and individual Directors to be carried out by the Board, by the Committee or by an independent external agency and review its implementation and compliance.
- D. ID shall also evaluate effectiveness of Board as a whole, the Chairperson of the Board and Non-IDs. This evaluation shall be conducted at a meeting of IDs without the presence of rest of the Board Members. This evaluation shall be in relation to the duties of Directors as specified under the Act, and SEBI LODR Regulations.

VI. Review and Amendments

- A. The Policy shall be reviewed on need basis, and at least once every year.
- B. In the event of any conflict or inconsistency between the provisions of the Policy and the applicable laws, the provisions of the applicable laws shall prevail. The Policy shall be reviewed and updated, as necessary, to reflect any changes in the applicable laws.
