

Criteria for appointment of a Director and officials who may be appointed in senior management

The applicable regulatory framework governing the criteria for appointment of a Director and officials who may be appointed in senior management comprises the Companies Act, 2013 (CA2013) amended from time to time and other applicable rules and regulations. The Company makes appointments to the Board keeping in view the relevant regulatory requirements. This framework integrates the requirements of the relevant regulations.

1.1 Formulation of the criteria for determining qualifications, positive attributes and independence of a Director

The criteria for determining qualifications, positive attributes and independence of a Director shall encompass the following:

1.1.1 Qualification and definition of Independent Director as defined under CA2013 and SEBI LODR Regulations

Rule 5 of the Companies (Appointment and qualification of directors) Rules, 2014 provides that 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.

Section 149 of CA2013 and Regulation 16(1)(b) of SEBI LODR Regulations, defines independent director to mean 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 and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the 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 material 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 lakhs, 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, prescribed for an amount of fifty lakhs, at any time during the two immediately preceding financial years or during the current financial year; or
- (iv) has or had any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakhs rupees or such higher amount as may be prescribed from time to time, whichever is lower during the two immediately preceding financial years or during the current financial year singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

(e) who, neither himself/herself nor any of his relatives—

- (i) holds or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company or any company belonging to the promoter group of the 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 other than key managerial personnel, the restriction under this clause shall not apply for his/her 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) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) 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 non-profit organisation that receives twenty-five per cent. or more of its receipts or corpus 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; or
- (v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

(f) who is not less than 21 years of age;

(g) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:

(Explanation: In case of “high value debt listed entity”:

- which is a body corporate, mandated to constitute its board of directors in a specific manner in accordance with the law under which it is established, the non- executive directors on its board shall be treated as independent directors;
- which is a Trust, mandated to constitute its ‘board of trustees’ in accordance with the law under which it is established, the non-employee trustees on its board shall be treated as independent directors);

(h) who possesses such other qualifications as prescribed under Rule 5 of the Companies (Appointment and qualification of directors) Rules, 2014.

1.1.2 Familiarisation Programme for the Independent Directors of the Company

Regulation 25(7) of the SEBI LODR Regulations requires a company to provide suitable training to its independent directors to familiarize them *inter alia* with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates and the business model of the Company.

The Familiarisation Programme adopted by the Company will comprise of two segments:

Initial familiarisation

- a formal letter of appointment incorporating their role, duties and responsibilities and performance evaluation process
- The newly appointed director shall be provided with a copy of all the applicable codes and policies formulated and adopted by the Company.
- An orientation on the corporate profile, various products and functions shall be provided.
- The newly appointed director shall also be introduced to certain key members of the senior management of the company.

- The Company will provide a manual which inter alia covers a brief about the Company, products and services offered by the Company, the detailed charter of various committees, the disclosures/declarations to be submitted by directors.

Ongoing familiarisation

- As a part of its ongoing familiarisation Programme, the Independent Directors of the Company will be continually briefed and updated by the Board of Directors about the business activities of the Company, changes in its business environment, performance review, business strategy, risks involved, competition in the market, future outlook and key regulatory developments.
- Independent Directors will also have the freedom to interact with the Company's management and with the senior leadership team of the Company for seeking all information as may be necessary for performance of the duties.

Review

The Board shall review this programme and make appropriate revisions as may be required from time to time.

1.1.3 Disqualification of Directors under Companies Act, 2013

The provisions of Section 164 of the Companies Act, 2013 and Rules thereunder will be applicable for disqualification of Directors.

1.1.4 Restriction of holding Directorship as per para 3.2.3(e) of Scale Based Regulation

Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time

1.1.5 Specific criteria for Chairman and members of Audit Committee

The Chairman of the Audit Committee should be an independent Director of the Board and should ideally be a Chartered Accountant or a person with strong financial analysis background.

Majority of the Members of the Audit Committee including its Chairperson shall be persons with the ability to read and understand the financial statements, the applicable accounting standards and Company's obligations towards statutory & regulatory compliance.

1.1.6 Conflict of Interest Framework

A conflict of interest framework was approved by the Board in its meeting held 2006 and was further reviewed by the Board in April 2019. Under this framework, conflict of interest would prima facie exist for a Director of the Company at Board level as well as Group level.

The Board Governance, Nomination & Remuneration Committee (Committee) would evaluate the composition of the Board and vacancies arising in the Board from time to time. The Committee while recommending candidature of a Director would consider the special knowledge or expertise possessed by the candidate. The Committee would assess the fit and proper credentials of the candidate and the companies/entities with which the candidate is associated either as a director or otherwise as to whether such association is permissible under Companies Act, the internal conflict of interest policy of the Company. If associations with particular companies/entities are permissible subject to certain conditions, the Committee will review the fulfilment of such conditions. The Committee shall ensure that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats.

The Committee will also evaluate the director from the perspective of the criteria for independence prescribed under CA2013. For a non-executive director to be classified as independent he/she must satisfy the criteria of independence as prescribed and sign a declaration of independence. The Committee will review the same and determine the independence of a director.

Other criteria

1.1.7 Fit & Proper Criteria for appointment of Directors

Pursuant to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI on February 17, 2021, the Company shall ensure with the approval of the Board of Directors ascertain the fit and proper criteria of the director at the time of appointment, and on continuing basis and the fit and proper criteria shall be on the lines of the guidelines. The Company shall obtain declaration and undertaking from the directors giving additional information on the directors as per prescribed format and also obtain Deed of covenant signed by the directors in prescribed format. With a view to ensuring that the Directors comply with the above requirement, a due diligence enquiry should be undertaken on the person to be appointed as Director or for the continuance of the existing Directors only after obtaining a declaration from the proposed/existing Directors in the required format as per Annexure I at the time of their appointment/re-appointment.

The Directors will also be required to enter into a Deed of Covenant as per the format in Annexure II with the Company.

2.1 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal

Directors

Clauses 1.1.1, 1.1.2 and 1.1.3 cover the areas of expertise as required to be possessed by a director under the CA 2013 and the due diligence checks to confirm the fit and proper status would be considered while evaluating candidates to fill vacancies caused in the position of whole time directors. The fundamental core attributes which may be considered for the position of an executive director would be proven leadership capability, ability to successfully manage diverse stakeholder relationships and ability to devise and drive the business strategy of the Company with focus on productivity and risk management.

The whole-time directors should have sufficient tenure to enable them to deliver on the Company's long term business strategy.

Further, as per para 3.1(c) Scale Based Regulation, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC considering the need for professional experience in managing the affairs of NBFCs,

Key Management Personnel

As per Section 2 (51) of the Companies Act, 2013 and Regulation 2(1)(o) of SEBI LODR Regulations "key management personnel" in relation to Company, means:

- i. Chief Executive Officer or the Managing director or the manager;
- ii. Company Secretary;
- iii. Whole-time director
- iv. Chief Financial Officer;
- v. Such other officer, not more than one level below the directors who is in whole-time employment, designated as KMP by the Board; and
- vi. Such other officer as may be prescribed

Further, as per 3.2.3(d) of Scale Based Regulation, except for directorship in a subsidiary, KMP shall not hold any office (including directorships) in any other NBFC-Middle Layer or NBFC-Upper Layer.

Senior Management

Section 178 of the Companies Act, 2013 and Regulation 16(1)(d) of SEBI LODR Regulations defines "senior management" as officers/personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads, chief executive officer/manager, in case they are not part of the Board and shall specifically include Company Secretary and Chief Financial Officer

Further, a candidate in order to fulfill the criteria of being appointed in senior management including KMP should have proven skills, performance track record, relevant competencies, maturity and experience in handling core functions relevant to his role in an organisation.

3.1 Board Diversity Policy

The Board of Directors of the Company shall have an optimum combination of executive, non-executive and independent directors with at least one woman director, and the composition of the Board shall be in accordance with the Articles of Association of the Company, the CA2013, SEBI LODR Regulations as well as other statutory, regulatory and contractual obligations of the Company. The objective is to provide a framework and set standards for having a diversified Board with ability to base its decisions after evaluating multiple options and help improve the performance of the Company significantly.

The Company shall be committed to promote diversity on the Board and recognizes the importance and benefits of having a diverse Board.

The Company shall ensure the following:

- i. The Executive Directors shall assess appropriate mix of diversity and ensure that candidates are persons of high integrity, possesses relevant expertise, experience and leadership qualities, required for the position.
- ii. The Non-Executive Directors shall be of high integrity, with relevant expertise and experience so as to have a Board with an appropriate mix of diversity and possessing expertise in the fields of finance, banking, regulatory, taxation, law, governance and general management.
- iii. In case of appointment of Independent Directors, the independent nature of the proposed appointee.
- iv. The Board of Directors are complying with the fit and proper criteria of the director at the time of appointment, and on continuing basis.

Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the BGNRC /Board from time to time.

Annexure - I**ICICI Home Finance Company Limited****Declaration and Undertaking by Director
(with enclosures as appropriate as on _____)**

I Personal details of Director	
a.	Full name
b.	Date of Birth
c.	Educational Qualifications
d.	Relevant Background and Experience
e.	Permanent Address
f.	Present Address
g.	E-mail Address / Telephone Number
h.	Director Identification number
i.	Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle
j.	Relevant Knowledge and experience
k.	Any other information relevant to Directorship of the Company
II Relevant Relationships of director	
a.	List of Relatives if any who are connected with the Company (Refer Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014)
b.	List of entities if any in which he/she is considered as being interested (Refer Section 2(49) and Section 184 of the

	Companies Act, 2013 and Rule 9 of the Companies (Meetings of Board and its Powers) Rules, 2014)	
c.	List of entities in which he/she is considered as holding substantial interest as defined in Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank of India) Directions, 2021.	
d.	Name of HFC in which he/she is or has been a member of the board (giving details of period during which such office was held)	
e.	Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the HFC.	
f.	Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the Company or any other HFC/bank.	
III	Records of professional achievements	
a.	Relevant Professional achievements	
IV	Proceedings, if any, against the Director	
a.	If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of at any profession/ occupation at any time.	
b.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations	

c.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
d.	Whether the director attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013?	
e.	Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
f.	Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/excise/ income tax / foreign exchange /other revenue authorities, if so give particulars	
g.	Whether the director at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA, RBI etc. <i>(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc. and not on merit. If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same should also be mentioned.)</i>	
V	Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper	

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenant required to be executed by all directors of the Company.

Place:

Date:

Signature of the Director

VI. Remarks of Chairman of Nomination Committee/Board of Directors of HFC

Place:

Date:

Signature

substantial interest" means holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a company, the amount paid up on which exceeds ten percent of the paid up capital of the company; or the capital subscribed by all partners of the partnership firm.

DEED OF COVENANTS

THIS DEED OF COVENANTS is made this day of BETWEEN ICICI Home Finance Company Limited, having its Registered Office at ICICI Bank Towers, Bandra – Kurla Complex, Mumbai – 400 051 (hereinafter called the "Company") of the one part and Mr. resident of Mumbai (hereinafter called the "Director") of the other part.

WHEREAS

- A. The Director has been appointed as a Director on the Board of Directors of the Company (hereinafter called "the Board") and is required to enter into a Deed of Covenants with the Company.
- B. The Director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

The Director acknowledges that his/her appointment as Director on the Board of the Company is subject to applicable laws and regulations including the Memorandum and Articles of Association of the Company and the provisions of this Deed of Covenants.

The Director covenants with the Company that:

The Director shall disclose to the Board the nature of his/her interest, direct or indirect, if he/she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the Company and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the Director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

The Director shall disclose by general notice to the Board his/her other Directorships, his/her memberships of bodies corporate, his/her interest in other entities and his/her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

The Director shall provide to the Company a list of his/her relatives as defined in the Companies Act, 2013 and to the extent the Director is aware Directorships and interests of such relatives in other bodies corporate, firms and other entities.

The Director shall in carrying on his/her duties as Director of the Company:

- a) use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;
 - b) in the performance of his/her duties take such care as he/she might be reasonably expected to take on his/her own behalf and exercise any power vested in him/her in good faith and in the interests of the Company;
 - c) shall keep himself/herself informed about the business, activities and financial status of the Company to the extent disclosed to him/her;
 - d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfill his/her obligations as Director of the Company;
 - e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the Company;
 - f) shall bring independent judgement to bear on all matters affecting the Company brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - g) shall in exercise of his/her judgement in matters brought before the Board or entrusted to him/her by the Board be free from any business or other relationship which could materially interfere with the exercise of his/her independent judgement; and
 - h) shall express his/her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his/her independent judgement;
- v. The Director shall have:
- a) fiduciary duty to act in good faith and in the interests of the Company and not for any collateral purpose;
 - b) duty to act only within the powers as laid down by the Company's Memorandum and Articles of Association and by applicable laws and regulations; and
 - c) duty to acquire proper understanding of the business of the Company.
- vi. The Director shall:

- a) not evade responsibility in regard to matters entrusted to him/her by the Board;
- b) not interfere in the performance of their duties by the whole-time Directors and other officers of the Company and wherever the Director has reasons to believe otherwise, he/she shall forthwith disclose his/her concerns to the Board; and
- c) not make improper use of information disclosed to him/her as a member of the Board for his/her or someone else's advantage or benefit and shall use the information disclosed to him/her by the Company in his/her capacity as Director of the Company only for the purposes of performance of his/her duties as a Director and not for any other purpose.
- d) Make declaration to the effect that:
 - (i) he/she has not been associated with any unincorporated body that is accepting deposits;
 - (ii) he/she has not been associated with any company, the application for Certificate of Registration (CoR) of which has been rejected by the National Housing Bank/Reserve Bank of India;
 - (iii) there is no criminal case, including for offence under section 138 of the Negotiable Instruments Act, against him/her.

3. The Company covenants with the Director that:

- i. the Company shall apprise the Director about:
 - a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - b) control systems and procedures;
 - c) voting rights at Board meetings including matters in which Director should not participate because of his/her interest, direct or indirect therein;
 - d) qualification requirements and provide copies of Memorandum and Articles of Association;
 - e) corporate policies and procedures;
 - f) insider dealing restrictions;
 - g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - h) appointments of Senior Executives and their authority;
 - i) remuneration policy,
 - j) deliberations of committees of the Board, and
 - k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the Company, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

- ii. the Company shall disclose and provide to the Board including the Director all information which is reasonably required for them to carry out their functions and duties as a Directors of the Company and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the Director by the Board or any committee thereof;
 - iii. the disclosures to be made by the Company to the Directors shall include but not be limited to the following:
 - a) all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b) Company's strategic and business plans and forecasts;
 - c) organisational structure of the Company and delegation of authority,
 - d) corporate and management controls and systems including procedures;
 - e) economic features and marketing environment,
 - f) information and updates as appropriate on Company's products;
 - g) information and updates on major expenditure;
 - h) periodic reviews of performance of the Company; and
 - i) report periodically about implementation of strategic initiatives and plans;
 - iv. the Company shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
Note: It is clarified that circulation of minutes within two business days is not mandatory and provisions in the Companies Act, 2013 in this regard shall apply.
 - v. advise the Director about the levels of authority delegated in matters placed before the Board.
4. The Company shall provide to the Director periodic reports on the functioning of internal control system including effectiveness thereof.
5. The Company shall appoint a compliance officer/company secretary/authorised official who shall be reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and National Housing Bank and other concerned statutory and governmental authorities.
6. The Director shall not assign, transfer, sublet or encumber his/her office and his/her rights and obligations as Director of the Company to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the Company.
7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it

operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and/or supplements and/or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the Director and the duly authorised representative of the Company.
9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For ICICI Home Finance Company Limited

Company Secretary

Signature of the Director

In the presence of:

1.

2.
