

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

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TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR OF THECOMPANY

Following are the terms & Condition of Appointment of Independent Director of the Company:-

1. Term of Appointment

- 1.1 You are appointed for an initial term of five years from the date of your appointment by the Shareholders in the Annual General Meeting held.
- 1.2. The arrangements for the retirement and re-election of Independent Directors are set out in Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- 1.3 Although the appointment is for an initial term of five years, the Company value continuity and experience on the Board, & subject to your own wishes and re-election by Shareholders, welcomes and appreciates longer service beyond that initial term.
- 1.4 During the appointment you may be asked to serve on one or more of the Board Committees including Audit or Nomination and Remuneration Committees or Stakeholder Relationship Committee and you will be provided with copies of the terms of reference for each of those committees in due course.
- 1.5 The appointee considered to be an **“Independent Non-Executive Director”** and will be identified as such in the annual report and other documentation. However, if, at any time during your tenure, you believe or have an opinion that your

independence may be in doubt, you should intimate it to the Chairman as soon as possible so that required / desired actions may be taken.

2. Time Commitment Envisaged

As an Independent Director you will be involved in a number of board and committee meetings each year. Currently, there is an expectation that you will attend the board meetings, the annual general meeting, and other special meetings as necessary. The Company will provide you with adequate notice of the proposed board meeting dates and by accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.

3. Functions, Responsibilities and Duties

3.1 Professional Conduct

As an Independent director, you shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising your duties;
- (c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- (d) devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- (e) not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- (f) not abuse your 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.
- (g) refrain from any action that could lead to a loss of your independence;
- (h) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly, and
- (i) assist the Company in implementing the best corporate governance practices.

3.2 Duties

As an Independent Director, you shall:

- (a) undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (b) enroll yourself into an online data bank and pass an online self-assessment proficiency test conducted by the Indian Institute of Corporate Affairs, within stipulated timelines, as may be applicable
- (c) seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- (d) strive to attend every meeting of the Board and of the Board committees of which you are a member;
- (e) actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- (f) strive to attend the general meetings of the Company;
- (g) ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- (h) keep yourself well informed about the Company and the external environment in which it operates;
- (i) not unfairly obstruct the functioning of an otherwise proper Board or committee;
- (j) ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- (k) ensure that the whistleblower function of the Company is functioning adequately;
- (l) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- (m) within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees, and
- (n) not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

3.3 Functions

- (a) To review the Company's strategy, the annual financial plan and monitor the Company's performance
- (b) To review management performance and compensation

- (c) To review and decide on succession planning of executive officers of the Company
- (d) To advice and counsel the Management
- (e) To monitor and manage potential conflicts of interests of the Management
- (f) To oversee and ensure the integrity of financial information and legal compliance

3.4 Responsibilities

An Independent Director has the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner.

4. Support to Directors

- 4.1 The Company, in particular, its Management, recognizes that it owes duties to its Independent Directors and that support must be given to Directors in order to allow them to perform their role to their best effort.
- 4.2 The Board of Directors sets out the Company's commitments in this respect, including, by way of example only: -
 - (a) Management's responsibility to provide the Board with adequate and timely information which is complete and reliable and which will allow Directors to make an informed decision on matters placed before them;
 - (b) Directors' entitlement to seek independent professional advice, at the Company's expense on any matter connected with the discharge of your responsibilities. However, prior approval of the Chairman is required, which would not be unreasonably withheld. Copies of the advice must be made available to, and for the benefit of, all Board Members.

5. Directors' Fees

The sitting fee payable for your services and attending the Board Meetings will be decided by the Board from time to time.

6. Liabilities

You are liable to the matters that are directly relatable to your roles and responsibilities arisen out of Section 149 of the Companies Act 2013. You are liable to the extent only in respect of acts of omission or commission by the Company which occurred with your knowledge and are attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

7. Induction and Development:

The Company shall, if required, conduct formal induction program for its Independent Directors. The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business.

8. Outside Interests

- 8.1 You are asked to disclose the number and nature of offices held in companies / body corporate/firms/association of persons or organizations and other significant commitments, with the identity of the companies or organizations and an indication of the time involved.
- 8.2 You are asked to note that you should disclose your interest, or the interest of your associates, if any, in a proposal, contract or transaction that the Company is considering by declaring the nature of your interest upon receipt of the proposed agenda for a meeting of the Board.

9. Confidentiality

- 9.1 All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chairman.
- 9.2 Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently you are asked to avoid making any statements that might risk a breach of these

requirements without prior clearance from the Board or Chairman or Managing Director of the Company.

10. Code of Conduct:

During your tenure as Independent Director you are required to comply with the regulations as contained in Schedule IV under the Act (Code for independent Directors) and the following Codes of Conduct of the Company:

- a. Code of Conduct for Prevention of Insider Trading
- b. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

11. Company Constitution

Please ensure that you familiarise yourself with the Company's Constitution. A copy is available for your inspection in the office at your convenience.

For and on behalf of
For Shakumbhri Pulp And Paper Mills Limited.