

**Godfrey Phillips India Limited**  
Terms of Appointment of Independent Directors

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## **I. Introduction**

Section 149(4) read with Schedule IV of the Companies Act, 2013 (hereinafter referred to as "Act") and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR Regulations") comprehensively deals with matters related to Independent Director. Under the provisions of the Act and LODR Regulations, an Independent Director can be appointed for term of 5 (five) consecutive years and basis the annual performance evaluation by the Board, can be reappointed for another term of 5 (five) consecutive years with the passing of a special resolution at the General Meeting. An Independent Director is not be liable to retire by rotation.

Therefore, in compliance with the Act and LODR Regulations, Godfrey Phillips India Limited (hereinafter referred to as "GPIL" or "the Company") has formulated Terms of Appointment of Independent Directors Policy (hereinafter referred to as "Policy").

## **II. Appointment to the Board Committee(s)**

Board of Directors (hereinafter referred to as "Board") may appoint any Independent Director, as it deems fit, as member or Chairperson of a Committee constituted by the Board. This appointment shall be subject to applicable laws, rules and regulations.

## **III. Time Commitment**

Independent Directors are primordial in bringing in renewed perspective to the Board. They may bring effective leadership in relation to Company's strategy, risk management, performance or corporate governance in general. Independent Director is expected to attend and participate in the meeting of the Board and its Committees, as may be held from time to time. Additionally, they may also be expected to attend and participate in the general meetings of the Shareholders.

## **IV. Code of Conduct**

Independent Directors shall follow the Company's Code of Conduct and furnish annual affirmation of the same.

Independent Directors shall apply the highest standard of confidentiality and not disclose to any person or company, either during the course of the tenure as an Independent Director or even after cessation; any confidential information concerning the Company and its Group Companies, to which he/she has become privy to by virtue of the position as a Director except as permitted by law or with prior clearance from the Chairperson of the Board or the Company Secretary.

## **V. Roles and Duties**

Independent Director, being a responsible position, has certain roles and duties which the incumbent shall fulfill while in the office. A comprehensive list of roles and responsibilities along with the Code of Independent Directors as prescribed in the Act is attached in the **Annexure 1** of the Policy.

Following are certain other duties prescribed for all the Directors of the Company which are fiduciary in nature:

- i. The Director shall act in accordance with the Articles of Association of the Company.
- ii. The Director shall act in good faith in order to promote the objects of the Company for the benefit of its

members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for protection of the environment.

- iii. The Director shall exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iv. The Director shall not involve self in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- v. The Director shall not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners, or associates and if such Director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the Company.
- vi. The Director shall not assign his/her office and any assignment so made, shall be void.

#### **VI. Prohibition of Insider Trading**

The Independent Directors shall follow the Company's Code of Conduct for prevention of Insider Trading and the requirements of the Act and LODR Regulations which inter-alia require that any unpublished price-sensitive information is not used or transmitted and maintained securely. The Directors should not make any statement that might risk a breach of these requirements without clearance from the Chairperson of the Board or the Company Secretary.

#### **VII. Directors and Officers Liability Insurance**

The Company has obtained a Directors' & Officers' liability Insurance Policy.

#### **VIII. Conflict of Interest**

It is evident and acknowledged that the Independent Directors may have other commitments and business interests other than those of the Company. Thus, as one of the conditions to the appointment, Independent Directors shall declare any such directorships, appointments, and interests to the Board in writing in the prescribed form at the time of their appointment.

In case when circumstances change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that they are independent, the same shall be disclosed to both the Chairperson of the Board and the Company Secretary in a timely manner.

#### **IX. Confidentiality**

GPIL has the sole right over any information that Independent Director has got the possession of during his/her tenure in the Company. Therefore, he/she shall not disclose or share this information by any means with anyone outside of the Company (third-party) either during the tenure as an Independent Director or even after cessation, without prior clearance from the Chairperson of the Board, unless such disclosure is required by any law, rule or regulations. Also upon reasonable request by the Company, he /she shall surrender back to the Company any such information, documents and other materials made available by it.

#### **X. Performance Evaluation**

In compliance with the Act, the performance of Independent Directors shall be evaluated on an annual

basis by the Board of Directors on the criteria determined by the Nomination and Remuneration Committee.

**XI. Disclosure of Interest**

The Company must include in its Annual Accounts a note of any material interest that an Independent Director may have in any transaction or arrangement that the Company has entered into. Such interest shall be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes of the meeting can record the Independent Director's interest appropriately. A general notice disclosing their interest in contracts with a particular person, firm or company shall be acceptable.

**XII. Communication of the Policy**

The Policy will be available on relevant medium of communication like intranet and corporate website.

**XIII. Review**

The Policy shall be reviewed by the Board through the Company Secretary as and when it deems necessary or in compliance with the amendment made to the Act, LODR Regulations or enactment of any other laws, rules and regulations made thereunder.

**XIV. Version Control**

Version	Change Description	Date
1.2	Made the policy more comprehensive by updating and adding clauses on- <ul style="list-style-type: none"><li>• time commitment</li><li>• conflict of interest</li><li>• disclosure of interest</li><li>• review of the policy etc.</li></ul>	27/05//2023

## **XV. Annexure 1**

### **Code for Independent Directors as prescribed in Schedule IV of The Companies Act, 2013**

The Code mentioned below is in line with the Code of Conduct prescribed in the Companies Act, 2013 and shall be followed by the Independent Directors. Adherence to these codes in a faithful and professional manner would promote faith and confidence of GPIL's stakeholders, including investment community in the Institution of Independent directors.

#### **A. Guidelines of Professional Conduct**

An Independent Director shall:

- i. Uphold ethical standards of integrity and probity;
- ii. Act objectively and constructively while exercising his/her duties;
- iii. Exercise his/her responsibilities in a bona fide manner in the interest of the Company;
- iv. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making.
- v. Not allow any extraneous considerations that will vitiate his/her 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;
- vi. Not abuse his/her 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;
- vii. Refrain from any action that would lead to loss of his/her independence;
- viii. Where circumstances arise which make an Independent Director lose his/her independence, the Independent Director must immediately inform the Board accordingly;
- ix. Assist the Company in implementing the best corporate governance practices.

#### **B. Role and Functions:**

The Independent Directors shall:

- i. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- ii. Bring an objective view in the evaluation of the performance of Board and management;
- iii. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- iv. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- v. Safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. Balance the conflicting interest of the stakeholders;
- vii. Determine appropriate levels of remuneration of Executive Directors, Key Managerial personnel and Senior Management; have a prime role in appointing and where necessary, recommend removal of Executive Directors, Key Managerial personnel and Senior management;
- viii. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

#### **C. Duties:**

The Independent Directors shall—

- i. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- ii. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts, at the expense of the Company;
- iii. Strive to attend all meetings of the Board of Directors and of the Board Committees of which he/she is a member;
- iv. Participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
- v. Strive to attend the General Meetings of the Company;
- vi. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- vii. Keep themselves well informed about the Company and the external environment in which it operates;
- viii. Not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- ix. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- x. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- xi. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy;
- xii. Act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- xiii. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

**D. Manner of Appointment:**

- i. Appointment process of Independent Directors shall be independent of the Company management; while selecting Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- ii. The appointment of Independent Director(s) of the Company shall be approved at the meeting of the shareholders.
- iii. The explanatory statement attached to the notice of the meeting for approving the appointment of Independent Director shall include a statement that, in the opinion of the Board, the Independent Director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed Director is independent of the management.
- iv. The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:
  - a. the term of appointment;

- b. the expectation of the Board from the appointed Director; the Board-level Committee(s) in which the Director is expected to serve and its tasks;
- c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
- d. provision for Directors and Officers (D and O) insurance, if any;
- e. the Code of Business Conduct or Ethics Policy that the Company expects its Directors and employees to follow;
- f. the list of actions that a Director should not do while functioning as such in the Company; and
- g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- h. the terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the Company by any member during normal business hours.
- i. the terms and conditions of appointment of Independent Directors shall also be posted on the Company's website.

**E. Re-Appointment:**

The re-appointment of Independent Director shall be on the basis of report of performance evaluation.

**F. Resignation or Removal:**

- i. The resignation or removal of an Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- ii. An Independent Director who resigns or is removed from the Board of the Company shall be replaced by a new Independent Director within three months from the date of such resignation or removal, as the case may be.
- iii. Where the Company fulfils the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

**G. Separate Meetings:**

- i. The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of management
- ii. All the Independent Directors of the Company shall strive to be present at such meeting.
- iii. The meeting shall:
  - a. review the performance of Non-Independent Directors and the Board as a whole;
  - b. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
  - c. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**H. Evaluation Mechanism:**

- i. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.
- ii. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.