

## **Terms & Conditions for Appointment of Independent Directors**

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Following terms and conditions for appointment of the Independent Directors are subject to the provisions of:

- i. The Companies Act, 2013 read with the rules and amendments thereof.
- ii. Articles of Association of the Company.

### **1. Appointment**

- 1.1 Appointment as an Independent Director on the Board of Directors ('the Board') of Schneider Electric President Systems Limited ("the Company") is subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 read with the rules and amendments thereof.
- 1.2 The term of Independent Director would be construed as defined under the Companies Act, 2013. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.
- 1.3 The Company is at liberty to disengage Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

### **2. Committees**

The Board may, if it deems fit, invite the Independent Directors for being appointed on one or more existing Board Committees or any such Committee that is set up in the future subject to applicable regulations.

### **3. Time Commitment**

- 3.1 Independent Directors are expected to bring objective and independent view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance and risk management and ensure high standards of financial probity and corporate governance.
- 3.2 The Board and the Audit Committee meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee. Independent Directors are expected to attend the meeting of the Board and Committees thereof to which they may be appointed and Shareholders meetings and devote such time as they deem appropriate for discharge of their duties effectively.

#### 4. Role and Duties

- iii. Role and duties of an Independent Director will be those as required under the Companies Act, 2013 read with the rules and amendments thereof. Certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature are as under:
- i. Directors should act in accordance with the Company's Articles of Association.
  - ii. Directors should 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 interest of the Company.
  - iii. Directors should discharge their duties with due and reasonable care, skill and diligence.
  - iv. Directors should not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly conflict, with the interest of the Company. (Refer clause 6 for full explanation on conflict of interest).
  - v. Directors should not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
  - vi. Directors should not assign their office as Director and any such assignment shall be void.

In addition to the above requirements applicable to all the Directors, role of the Independent Director has the following key elements:

- **Strategy:** Independent Directors should constructively challenge and help develop proposals on strategy.
- **Performance:** Independent Directors should scrutinize the performance of management in meeting agreed goals and objectives.
- **Risk:** Independent Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- **People:** Independent Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning.
- **Reporting:** Independent Directors take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
- **Compliance:** Independent Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company practices to accepted norms.

#### 5. Status of Appointment

- 5.1 Independent Directors will not be an employee of the Company and the letter of appointment shall not constitute a Contract of Employment.

5.2 Independent Directors will be paid such remuneration by way of sitting fees for attending meetings of the Board and Committees as may be decided by the Board and approved by the Shareholders from time to time.

## **6. Conflict of Interest**

6.1 It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition to the appointment, Independent Directors are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment and at regular intervals.

6.2 In the event that circumstances give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement of independence of any Independent Director, it should be disclosed to both the Chairman and the Company Secretary of the Company.

## **7. Confidentiality**

All information acquired during the appointment is confidential to the Company and should not be released, either during the appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, Independent Directors shall surrender any documents and other materials made available to them by the Company.

Attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently, making any statements or performing any transactions should be avoided that might risk a breach of the requirements without prior clearance from the Chairman.

## **8. Evaluation**

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Any appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

## **9. Insurance**

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such, over for the full term of the appointment.

## **10. Disclosure of Interest**

The Company has to include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board

meeting so that the minutes may record the interest appropriately and the records are updated. A general notice of interest in any contract with a particular person, firm or company is acceptable.

## **11. Termination**

- a. Independent Directors may resign from their position at any time by serving a reasonable written notice on the Board.
- b. Continuation of appointment is contingent on their getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company. They shall not be entitled to compensation if the shareholders do not re-elect them at any time.
- c. Appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company.

## **12. Governing Law**

These terms and conditions are governed by and will be interpreted in accordance with Indian law and their engagement shall be subject to the jurisdiction of the Indian courts.