REFNOL RESINS AND CHEMICALS LIMITED

(CIN: L24200MH1980PLC023507)

Registered Office:
410/411, Khatau House,
Mogul Lane, Mahim (w)
Mumbai-400016

Phone: 079-22820013
Fax: 079-22820476
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GENERAL TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The terms and conditions of appointment of Independent Directors are subject to the extant provisions of the **(i)** applicable laws, including the Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended from time to time) and **(ii)** Articles of Association of the Company.

The broad terms and conditions of their appointments as Independent Directors of the Company are reproduced hereunder:

I. APPOINTMENT

The appointment shall be for a term of 5 consecutive years. The Company may disengage Independent Directors prior to completion of the Term subject to compliance of relevant provisions of the 2013 Act.

As Independent Directors, they will not be liable to retire by rotation.

Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders by way of a Special Resolution. The reappointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria. No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director, subject to the provisions of the Companies Act, 2013.

The Independent directors may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.

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II. DUTIES AND RESPONSIBILITIES:

1) As members of the Board, the Independent Directors along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
   - Requirements under the Companies Act, 2013.
   - "Responsibilities of the Board" as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under Clause 49 of the Listing Agreement.
   - Accountability under the Director's Responsibility Statement.

2) The Independent Directors shall abide by the Refnol Resins and Chemicals Limited's Code of Ethics and Business Principles to the extent applicable to them.
3) The Independent Directors shall abide by guidelines of Professional Conduct, Role, Functions and Duties as an independent Director as provided in Schedule IV of the Companies Act, 2013.
4) The Independent Directors are expected to stay updated on how to best discharge their roles, responsibilities, and duties and liabilities, as an Independent Director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal & corporate governance practice.
5) The Independent Directors are expected to:
   - Submit a declaration in the beginning of every financial year and upon any change in circumstances which may affect their status as an Independent Director, under section 149(7) of the Companies Act, 2013 during their tenure stating that they meet the criteria of Independence;
   - Ensure that during their tenure as an Independent Director of the Company, the number of Companies in which they hold the office as a director or chairman or committee member will not exceed the limit stipulated under the Companies Act, 2013 and the Listing Agreement;
   - Ensure that they do not get disqualified to act as a director pursuant to the provisions of Section 164 of the Companies Act, 2013, during their tenure as an Independent Director of the Company;

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- Promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws, during their tenure;
- Upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary;
- Take decision objectively and solely in the interest of the company and facilitate Company's adherence to high standards of ethics and corporate behavior;
- Guide the Board in monitoring the effectiveness of the company's governance practice and to recommend changes required if any;
- Guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate system of control are in place, in particular, system for risk management, financial and operational control, and compliance with the new and relevant standards;

6) They are particularly requested to provide guidance in their area of expertise.

III. TIME COMMITMENT

The Independent Directors shall devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as such.

IV. REMUNERATION

The Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

Further, the Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits,

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induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

Pursuant to applicable law, the Independent Directors will not be entitled to any stock options.

V. INSURANCE:

The company may take an appropriate Director's and Officers' Liability Insurance Policy and pay the premium for the same.

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VI. CODE OF CONDUCT:

As Independent Directors of the Company, they agree to comply with the Refnol Resins and Chemicals Limited's Code of Conduct for Non-Executive Directors (NEDs).

Unless specifically authorised by the Company, they shall not disclose Company's and its business related information to constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

The Independent Director's obligation of confidentiality shall survive cessation of their respective directorships with the Company.

The provisions of both, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Refnol Resins and Chemicals Limited's Code of Conduct on Prevention of Insider Trading, prohibiting disclosure or use of unpublished price sensitive information, would be applicable to the Independent Directors.

Additionally, the Independent Directors shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

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VII. TRAINING AND DEVELOPMENT

The Company may, if required, conduct formal induction program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

VIII. PERFORMANCE APPRAISAL / EVALUATION PROCESS:

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

IX. CHANGES OF PERSONAL DETAILS:

During the Term, the Independent Directors shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

X. DISENGAGEMENT:

The Independent Directors may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified in the notice, whichever is later.

Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the 2013 Act) upon:

- Violation of any provision of the Refnol Resins and Chemicals Limited's Code of Conduct as applicable to NEDs,

- Upon the director failing to meet the criteria for independence as envisaged in Section

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149(6) of the 2013 Act.

XI. MISCELLANEOUS:

The Independent Directors may have access to confidential information, whether or not the information is marked or designated as "confidential" or "proprietary", relating to the company and its business including legal, financial, technical, commercial, marketing, and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), ("Confidential Information").

They shall use reasonable efforts to keep confidential and not disclose to any third party, such Confidential Information.

If any Confidential information is required to be disclosed by the Independent Directors in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

Note: These are general terms and conditions of appointment of Independent Directors which are subject to modification/amendment.

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Annexure I

Remuneration of Key Managerial Personnel and Senior Management Personnel
(Clause 4.4.3 of the Policy on Nomination, Remuneration & Evaluation)

Objective

The objective of this policy is to outline the principles and factors that will determine the remuneration of Key Managerial Personnel ("KMP") and Senior Management Personnel and the role of the Nomination and Committee ("NRC") in this regard.

Refnol Resins and Chemicals Limited's Remuneration Philosophy and Principles

Refnol Resins and Chemicals Limited believe that remuneration plays a vital role in terms of attracting and retaining talent that is critical for its business success. Remuneration of KMP and Senior Management Personnel will be determined in a manner so that it is competitive, reasonable and sufficient based on Refnol Resins and Chemicals Limited's Remuneration Philosophy and Principles.

Remuneration will be based on the following principles:

a) the intrinsic worth and future potential of the member which ensures value of meritocracy,
b) the extrinsic worth of the role and desired market competitiveness determined through market benchmarking studies, and
c) value add by the role which should be in line with Refnol Resins and Chemicals Limited's employee cost.

Remuneration Fixation Process

The MD shall propose the remuneration for the KMP & Senior Management Personnel to the NRC for its inputs and approval. The remuneration would be determined taking into account the merit of each role holder and industry benchmarks relevant to Refnol Resins and Chemicals Limited, to attract and retain talent at the right level of remuneration competitiveness and considering the business's ability

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to support the employee cost. This would be in line with the Company's Policy of Remuneration for its employees.

The NRC would decide and approve the remuneration for KMP & Senior Management Personnel to ensure that it is competitive, reasonable and sufficient to motivate and retain the member.

Policy Approval

The NRC will approve the policy and recommend it to the Board for its approval.

Policy Review

This policy will be reviewed by the NRC once in every two years or earlier if required.

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Annexure II

Policy on Board Diversity

(Clause 4.5 of Policy on Nomination, Remuneration & Board Diversity)

Refnol Resins and Chemicals Limited believes in and embraces the benefit of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, gender and other distinctions between Directors.

These distinctions would be considered in determining the optimum composition of the Board and when possible would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment for the Board, the committee will consider candidates on merit against objective criteria and due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of Refnol Resins and Chemicals Limited on the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

This policy will be reviewed by the NRC once in every two years or earlier if required.