

CREDITACCESS GRAMEEN LIMITED

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

1. Appointment

The appointment of Independent Directors shall be subject to the maximum permissible Directorships that one can hold i.e., 20 as per the provisions of the Companies Act, 2013 and 7 listed companies as per ICDR norms. Independent Directors can hold office for two consecutive terms of five years each.

Independent Directors are provided with a separate letter of appointment specifying the terms and conditions of their appointment.

2. Committees

The Company has various Committees of the Board Viz., Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee etc. The Independent Directors of the Company shall act as the Chairman / Member of one or more of the Committees.

3. Time Commitment

Independent Directors are expected to bring objectivity and independence of 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 as well as ensuring high standards of financial probity and corporate governance.

The Board meets at least four times in a year. The Audit Committee also meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee meetings which are ordinarily convened as and when required. Independent Directors are expected to attend Board, Board Committees, and Shareholders meetings and to devote such time to their duties, as appropriate for the discharge their duties effectively. Ordinarily, all meetings are held in Bangalore.

4. Role and Duties

The role and duties of the Independent Directors will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the ICDR norms. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- I. Shall act in accordance with the Company's Articles of Association.
- II. 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 interest of the Company.
- III. Shall discharge their duties with due and reasonable care, skill and diligence.

- IV. Shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company. The guidelines of such conflict of interest is referred to in the 'Policy for Conflict of Interest'.
- V. Shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
- VI. Shall not assign their office as Director and any assignments so made shall be void.

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

Strategy: Non-Executive Directors should constructively challenge and help develop proposals on strategy;

Performance: Non-Executive Directors should scrutinize the performance of management in meeting agreed goals and objectives;

Risk: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive 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: Non-Executive Directors take responsibility for the processes for accurately reporting on performance and the financial position of CGL; and

Compliance: Non-Executive Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of CGL practices to accepted norms.

5. Separate Meetings

As per Schedule IV of Companies Act 2013, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

6. Sitting fee

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

7. Reimbursement of Expenses

In addition to the remuneration described in paragraph 6 above, the Company shall, for the period of Independent Director's appointment, reimburse them for travel, hotel and other incidental expenses incurred by them in the performance of their role and duties.

8. Conflict of Interest

Independent Directors having business interests other than those of the Company are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of their appointment.

9. Confidentiality

All information acquired during the appointment of Independent Directors shall be confidential to CGL and should not be released, either during their 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 CGL.

Independent Directors should avoid making any statements or performing any transactions that might risk a breach of disclosure of price sensitive information and dealing in the securities of CGL without prior clearance from the Chairman or the Secretary. The guidelines prescribed as per Policy on 'Insider Trading Regulations' may be followed in this regard.

10. Evaluation

As per the provisions of Schedule IV of the Companies Act, 2013 and based on the changes in the Listing Agreement the Company is in the process of putting up a policy on Board Evaluation. Independent Director's appointment on the Board shall be subject to the outcome of the yearly evaluation process.

11. Independent Professional Advice

There may be occasions when Independent Directors are in need of professional advice in furtherance of their duties as a Director and it will be appropriate for them to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

12. Disclosure of Interest

The Company must 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 no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record their interest appropriately and Company's records are updated. A general notice that they are interested in any contracts with a particular person, firm or company is acceptable.

13. Termination

A. Independent Directors may resign from their position at any time and are requested to serve a reasonable written notice on the Board.

B. Continuation of their appointment is contingent on them getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.

C. Their appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.