

Edelweiss Tokio Life Insurance Company Limited
Terms and conditions of Appointment of the Independent Directors

The following are the terms and conditions as per the provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder, for appointment of the Independent Directors of Edelweiss Tokio Life Insurance Company Limited (“Edelweiss Tokio Life / the Company”):-

1. Appointment

- (i) Your appointment would in accordance with the provisions of Companies Act, 2013 (“Act”) and other applicable provisions. As an Independent Director, you will not be liable to retire by rotation as per the provisions of sub-section (6) of Section 152 of the Act.
- (ii) Your appointment is based, *inter alia*, on declaration by you that you comply with the conditions of Independence as listed in Section 149(6) of the Act. If there is any change in circumstances affecting your independence, you are requested to immediately inform the same to the Board of Directors, in terms of Section 149(7) of the Act.
- (iii) Re-appointment of the Independent Director shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board of Directors and the Shareholders of the Company.

2. Committees

As advised by the Board of Directors and subject to your consent, during the tenure of the office, you may be requested to serve one or more Committees or any such Committee that is already functioning or planned for set up in the future. Your appointment on such Committee(s) will be subject to applicable regulations.

3. Time Commitment

As a Non-Executive Independent Director, you are expected to bring objectivity and independence of view to the Board’s discussions and to help 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 and other Committees shall meet at such frequencies as may be prescribed in the law or in their respective Charters, from time to time. You will be expected to attend meetings of the Board and the Committees to which you may be appointed and Shareholders meetings, if requested and to devote such time, as appropriate for you, to discharge your duties effectively.

4. **Role, duties and responsibilities:**

Your role and duties would be in accordance with the Companies Act, 2013, Insurance Act, 1938 and Rules and Regulations thereunder, Articles of Association of the Company and other applicable laws.

The Board expects you to comply with the Code of Independent Director (Schedule IV of the Companies Act, 2013) as enclosed herewith at **Annexure I** and with the responsibilities prescribed under the IRDAI Corporate Governance Guidelines for Insurers as enclosed herewith at **Annexure II**.

You will adhere to the following duties of Directors, which are more specifically stipulated in Section 166 of the Act:

- (i) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (ii) A director of a company 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 the protection of environment.
- (iii) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (iv) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (v) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (vi) A director of a company shall not assign his office and any assignment so made shall be void.

5. **Remuneration**

In accordance with the provisions of the Act, you will be paid remuneration by way of sitting fees for attending the meetings of the Board and the Committees thereof.

In addition to the sitting fees, the Board under the advice of the Nomination and Remuneration Committee may also consider payment of profit related commission within such statutory limits as may be applicable from time to time and as may be approved by the Board and the members.

6. Reimbursement of Expenses

In addition to the remuneration mentioned in paragraph 5 above, you will, also be reimbursed for travel, hotel and other incidental expenses incurred by you in attending the meetings of the Board and Committee thereof and in discharge of your duties.

7. Conflict of Interest

It is accepted and acknowledged that you may have business interests other than those of the Company. As per the requirements of the Act, you are required to disclose your other directorships, appointments and interests to the Board in writing in the prescribed form (MBP-1) at the time of appointment.

In the event, there is a conflict of interest which is likely to change your status as an Independent Director, then the same be informed immediately to the Chairman and the Company Secretary.

8. Codes/Policies

You are requested to comply with the Regulations and the Policies of the Company as applicable to the Directors.

At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an Independent Director, you shall give a declaration to that effect confirming that you meet the criteria of independence as provided in Section 149(6) of the Act.

During the appointment, you will ensure compliance under Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 for inclusion of your name in the data bank of Independent Directors.

9. Performance Evaluation

In terms of the provisions of the Act and applicable Corporate Governance Guidelines, the Board of Directors shall evaluate the performance of the Directors annually. Such evaluation of each Director shall be made by other Directors on the criteria for evaluation to be determined by the Nomination and Remuneration committee.

10. Directors' and Officers' Liability Insurance

We would like to inform you that the Company has taken a Directors' and Officers' Liability Insurance.

11. Confidentiality

All information acquired during your tenure is confidential to the Company and should not be released at any point of time, either during your tenure or thereafter (by whatever means) without prior clearance from the Chairman unless required by law. The Company may request, you to return all the documents and other materials made available to you by the Company.

12. Resignation/Termination:

- a) You 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 by you in the notice, whichever is later. Further, in terms of provisions of the Act, you are required to file a copy of your resignation letter with the Registrar of Companies.
- b) Your Directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, your Directorship may be terminated for violation of any provision of the Code of Conduct of the Company.
- c) If, at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act, you agree to promptly submit your resignation to the Company with effect from the date of such change.

13. Governing Law:

The proposed appointment shall be governed by and shall be construed in accordance with, the laws of India and shall be subject to the jurisdiction of the courts in Mumbai, India.

14. Acceptance of appointment:

We value your rich experience and we are confident that the Company will benefit immensely from your presence on the Board as an Independent Director. We would request you to kindly provide us with the signed copy of this letter as a token of your acceptance of the appointment.

SCHEDULE IV OF THE COMPANIES ACT, 2013 CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors.

I. Guidelines of professional conduct:

An Independent Director shall:

1. uphold ethical standards of integrity and probity.
2. act objectively and constructively while exercising his duties.
3. exercise his responsibilities in a bona fide manner in the interest of the company.
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making.
5. not allow any extraneous considerations that will vitiate his 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.
6. not abuse his 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.
7. refrain from any action that would lead to loss of his independence.
8. where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly.
9. assist the company in implementing the best corporate governance practices.

II. Role and functions:

The Independent Directors shall:

1. 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.
2. bring an objective view in the evaluation of the performance of the board and management.
3. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
5. safeguard the interests of all stakeholders, particularly the minority shareholders.

6. balance the conflicting interest of the stakeholders;
7. determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommend removal of Executive Directors, Key Managerial Personnel and Senior Management.
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The Independent Directors shall –

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.
2. 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.
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member.
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members.
5. strive to attend the general meetings of the company.
6. 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.
7. keep themselves well informed about the company and the external environment in which it operates.
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
9. 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.
10. 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.
11. report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
12. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees.
13. 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.

IV. Manner of appointment:

1. 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.
2. The appointment of Independent Director(s) of the company shall be approved at the meeting of the shareholders.
3. 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 fulfils the conditions specified in the Act and the rules made there under and that the proposed Director is independent of the management.
4. The appointment of Independent Directors shall be formalized 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 Ethics 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.
5. The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the company by any Shareholder during normal business hours.
6. The terms and conditions of appointment of Independent Directors shall also be posted on the website of the Company

V. Re-appointment:

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

VI. Resignation or removal:

1. 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.

2. 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.
3. 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.

VII. Separate meetings:

1. 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;
2. All the Independent Directors of the company shall strive to be present at such meeting;
3. 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 and
 - 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.

VIII. Evaluation mechanism:

1. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.
2. 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.

CORPORATE GOVERNANCE GUIDELINES FOR INSURERS IN INDIA

Roles and Responsibilities of the Board of Directors

1. The Board should ensure that the Governance principles set for the insurer comply with all relevant laws, regulations and other applicable codes of conduct.
2. The Board should set the following policies in consultation with the Management of the Company.
 - a. Define and periodically review the business strategy.
 - b. Define the underwriting policy of the insurer.
 - c. Determine the retention and reinsurance policy and in particular, the levels of retentions of risk by the insurer and the nature and extent of reinsurance protection to be maintained by the insurer.
 - d. Define the policy of the insurer as regards investment of its assets consistent with an appropriate asset liability management structure.
 - e. Define the insurer's policy on appointments and qualification requirements for human resources and ensure that the incentive structure does not encourage imprudent behaviour.
3. The Board should define and set the following standards:-
 - a. Define the standards of business conduct and ethical behaviour for directors and senior management.
 - b. Define the standards to be maintained in policyholder servicing and in redressal of grievances of policyholders.
4. The Board would be responsible to provide guidance for implementation of business strategy and review the same periodically.
5. As an integral part of proper implementation of the business strategy, the Board should take action as under:-
 - a. Establish appropriate systems to regulate the risk appetite and risk profile of the Company. It will also enable identification and measurement of significant risks to which the company is exposed in order to develop an effective risk management system.
 - b. Ensure that all directions of IRDAI are submitted to the Board and the recommendations are implemented as per the Board philosophy.
 - c. Ensure that the IT systems in the company are appropriate and have built-in checks and balances to produce data with integrity and put in place a business continuity and disaster recovery plan.
 - d. Ensure that the company has put in place a robust compliance system for all applicable laws and regulations.

- e. Prescribe requirements and frequency of reporting in respect of each of the above areas of responsibility as may be decided by the Board.
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6. In discharge of the above and other Governance functions, the Board may delegate the responsibilities to mandated/ other recommended Empowered Committees of Directors while retaining its primary accountability.