

CHARTER OF BOARD OF DIRECTORS



Board Functioning and procedure

- **Board Meeting Frequency and circulation of Agenda papers:** The Board and its Committees meet at regular intervals for discussion on agenda circulated well in advance by the Company. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meeting. Where it is not practical to attach, or send the relevant information as a part of agenda papers, the same are tabled at the Meeting. To meet the business exigencies or urgent matters the resolutions are passed by the Directors by Circulation.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board reviewed compliance reports prepared by the Company periodically.

- **Presentations by the Management:** The Senior Management of the Company is invited at the Board meetings to provide presentation/clarifications as and when necessary.

- **Access to Employees:** The Directors bring an independent perspective on the issues deliberated by the Board. They have access to any information of the Company as they may need to discharge their duties and to any employee of the Company.

Availability of Information to Board members include:

1. Annual operating plans and budgets and any updates thereof;
2. Capital budgets and any updates thereof;
3. Quarterly results of the Company and its operating divisions and business segments;
4. Minutes of Meetings of the Audit Committee and other Committees of the Board;
5. Recruitment and remuneration of senior officers below board level, including appointment and removal of Chief Financial Officer and the Company Secretary as per SEBI (LODR) Regulations 2015;
6. Materially important show cause, demand, prosecution and penalty notices report;

7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
9. Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
10. Details of any joint venture or collaboration agreement;
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.;
13. Sale of material nature, of investments, subsidiaries and assets which is not in the normal course of business;
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
15. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

CHARTER OF AUDIT COMMITTEE



The terms of reference of the Committee are as under:

- (i) The Audit Committee shall have powers, which should include the following:
 - (a) To investigate any activity within its terms of reference;
 - (b) To seek information from any employee of the Company;
 - (c) To obtain outside legal or other professional advice; and
 - (d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (ii) The role of the Audit Committee shall include the following:
 - (a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;
 - (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;
 - (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgement by the management of the Company;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements
 - (vi) Disclosure of any related party transactions; and
 - (vii) Qualifications / modified opinion(s) in the draft audit report.
 - (e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;
 - (f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - (g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;



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| <ul style="list-style-type: none"> (i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed; (j) Scrutiny of inter-corporate loans and investments; (k) Valuation of undertakings or assets of the company, wherever it is necessary; (l) Evaluation of internal financial controls and risk management systems; (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; (o) Discussion with internal auditors of any significant findings and follow up there on; (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; | <ul style="list-style-type: none"> (q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; (r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; (s) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services; (t) To review the functioning of the whistle blower mechanism; (u) Approval of the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; (v) Overseeing the vigil mechanism including to whom directors and employee shall report in case of any concern; and (w) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee. <p>(iii) The Audit Committee shall mandatorily review the following information:</p> <ul style="list-style-type: none"> (a) Management discussion and analysis of financial condition and results of operations; | <ul style="list-style-type: none"> (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company; (c) Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company; (d) Internal audit reports relating to internal control weaknesses; (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; (f) Statement of deviations: <ul style="list-style-type: none"> (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations; (g) review the financial statements, in particular, the investments made by any unlisted subsidiary. |
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CHARTER OF NOMINATION AND REMUNERATION COMMITTEE



The terms of reference of the Committee are as under:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report of the Company;
- (e) Analysing, monitoring and reviewing various human resource and compensation matters;
- (f) Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (g) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), usually consisting of a fixed and variable component;
- (h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (i) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (j) Administering the "Sheela Foam Employee Stock Option Scheme" (the "Plan");
- (k) Determining the eligibility of employees to participate under the Plan;
- (l) Granting options to eligible employees and determining the date of grant;
- (m) Determining the number of options to be granted to an employee;
- (n) Determining the exercise price under the Plan;
- (o) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;
- (p) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
 - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable."
- (q) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

CHARTER OF STAKEHOLDERS RELATIONSHIP COMMITTEE

CHARTER OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



The terms of reference of the Committee are as under:

- (a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;
- (b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (c) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re-materialization of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; and
- (d) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.

The terms of reference of the Committee are as under:

- (a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;
- (b) To recommend the amount of expenditure to be incurred on the activities referred to in Policy of company on CSR, Schedule VII of the Companies Act, 2013 and rules made there under and any amendment thereof ;
- (c) To monitor the Corporate Social Responsibility Policy of the company from time to time; and
- (d) To do such other acts, deeds and things as may be directed by the board and required to comply with the applicable laws."

CHARTER OF RISK MANAGEMENT & ESG COMMITTEE



Committee Responsibilities and Authority

- a) The committee shall evaluate significant risk exposures of the company and assess management's actions to mitigate the exposures in a timely manner.
- b) The committee will coordinate its activities with the audit committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- c) The committee shall make reports to the board, including with respect to risk management and minimization procedures.
- d) The board shall review the performance of the committee.
- e) The committee shall have access to any internal information of the company necessary to fulfil its oversight role. The committee shall also have the authority to obtain advice and assistance from internal or external experts /advisors.
- f) The committee shall advise management in connection with the development and implementation of ESG strategies to preserve and enhance long-term shareholder value and to promote stakeholder interests;
- g) The committee shall report to the Board on current and emerging topics relating to ESG Matters that may affect the business, operations, performance, or public image of the Company or are otherwise pertinent to the Company and its stakeholders and, if appropriate, detail actions taken in relation to the same.
- h) The committee shall advise the Board on stakeholder proposals and other significant stakeholder concerns relating to ESG Matters.
- i) The role and responsibilities of the committee shall include such other items as may be prescribed by applicable law or the board in compliance with applicable law, from time to time.