

## PANASONIC CARBON INDIA CO LIMITED

### Criteria of making payments to Non-executive Directors

The Company believes that the remuneration should be sufficient to attract, motivate and retain non-executive talent. Independent Directors ("ID") and Non- Independent Non- Executive Directors ("NED") of the Company play an important role as a part of the Board. They bring in external and wider perspective to the decision making by the Board and provide leadership and strategic guidance, while maintaining objective judgment. They also help the Company in ensuring that all legal requirements and Corporate Governance are well taken care of.

The responsibilities and obligations imposed on the Non-Executive Independent Directors have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

The Company's remuneration practice is inconsistent with recognized best practice standards for Chairperson, IDs & NEDs. The aggregate annual remuneration payable to the NEDs is determined by shareholder resolution in accordance with the Company's Articles of Association, subject to the limits of Law. The NEDs nominated by Promoters, who are working in executive capacity in group entity/ies are not entitled to receive any remuneration.

- a) **Sitting Fees** – The NEDs are entitled to sitting fees as determined by the Board from time to time for attending Board / Committee meetings thereof in accordance with the provisions of Companies Act, 2013. Sitting fees amount may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees is recommended by the Nomination and Remuneration Committee and approved by the Board.
- b) **Profit-linked Commission** - The profit-linked commission is paid to the NEDs within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits or Rs.5,00,000/- of the Company computed as per the applicable provisions of the Companies Act, 2013 and including the amendments thereof:

Amount of Commission would be determined considering the overall performance of the Company, attendance at the meetings of Board / Committees, Membership / Chairpersonship of Committees and contribution by the respective NEDs. The Nomination and Remuneration Committee recommends to the Board and the Board approves the quantum of commission for each Director based upon the outcome of the evaluation process.

The quantum and structure of the Chairperson's remuneration is set by the Board based upon a recommendation from the Nomination and Remuneration Committee. The Chairperson/respective NED is not involved in setting his own remuneration. The Chairperson's office is not maintained by the Company however he is provided administrative support and all reasonable travelling, communication and other expenses (including any relevant tax) incurred in carrying out his duties are reimbursed.