

Letter Ref. No.:

Date:

Name of Director

Address:

Dear Sir/Madam,

**Sub- APPOINTMENT AS AN ADDITIONAL DIRECTOR (INDEPENDENT) ON THE  
BOARD OF SBI FUNDS MANAGEMENT LIMITED**

We are pleased to inform you that the Board of Directors of SBI Funds Management Limited (the Company) based on recommendation of the Nomination & Remuneration Committee have approved your appointment as an Independent Director (Additional Director) of the Company pursuant to the provisions of Section 149 (6) read with Schedule IV of the Companies Act, 2013 the Rules made thereunder (Act) and SEBI (Mutual Funds) Regulations, 1996, including any modification or amendments made thereof with effect from \_\_\_\_\_ (Effective Date), subject to approval of shareholders in the ensuing General Meeting This letter sets out the terms and conditions of your appointment. Code for Independent Directors as stated in Schedule IV of the Companies Act, 2013 elaborated in *Annexure A*.

**A. Terms of Appointment**

- i. Your Appointment is for a term of \_\_\_\_\_ years commencing with Effective Date, subject to approval of the shareholders of the Company. You shall not be liable to retire by rotation. Your Appointment may be renewed on or prior to the Termination Date *inter alia* in accordance with the Companies Act, 2013, SEBI Mutual Funds Regulations and the provisions of other applicable laws.
- ii. On or prior to the Termination Date, you may cease to hold office as a Director at any time if you resign by written notice. The written notice of resignation shall be in the form and manner as provided in the Companies Act, 2013 and SEBI Regulations along with applicable laws.
- iii. Notwithstanding any other provisions of this letter, your Appointment may be terminated at any time by the Company in accordance with the Company's Articles of Association and the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof.

**B. Expectations**

**Roles, Functions and Duties**

Independent Director (ID) is expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective inputs in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance. ID is also expected to observe and comply with applicable laws, the charter documents of the Company and the rules, regulations and policies of the Company, in relation to his/her directorship and the business of the Company.

The role, functions and duties will be those normally required of an Independent Director under applicable law, including the Act and in conformity with Section 149(8) read with Schedule IV of the Act, and SEBI (Mutual Funds) Regulations in specific, including in relation to attendance of meetings, maintenance of confidentiality, safeguarding the interests of the stakeholders, bringing objective judgement, asking clarifications, etc.

In addition, conduct of ID will be governed by applicable law, including the guidelines for professional conduct set out under the Code of Independent Directors, as provided in Section 149(8) read with Schedule IV of the Act, the duties of directors as set out under Section 166 of the Act and the duties and responsibilities as set out under the Listing Regulations and SEBI (Mutual Funds) Regulations in specific.

#### **C. Committee**

The Board may, if it deems fit, invite ID for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. ID appointment on such Committee(s) will be subject to applicable law.

#### **D. Directors' and Officers' liability insurance**

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such cover for the full term of ID's appointment.

#### **E. Liability**

Subject to applicable law, for any breach of duties, ID will be liable to consequence prescribed under applicable law and in relation to the Company, ID would be liable for such acts of omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance, or where you have not acted diligently.

#### **F. Remuneration to Directors:**

A Director (other than a managing Director or whole-time Director) may be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Ministry of Corporate Affairs from time to time for each meeting of the Board of Directors or any committee thereof attended by him.

#### **G. Conflict of Interest**

It is accepted and acknowledged that ID may have business interests other than those of the Company. As a condition precedent to commencement of appointment, ID is required to declare to the Company any such directorships, appointments and interests to the Board. Thereafter ID is required to declare to the Company whenever there is any change in the circumstances which may affect his/her status as an independent director.

#### **H. Evaluation**

The performance of ID will be evaluated as per the requirements of the Companies Act, 2013, applicable SEBI Listing Regulations and SEBI (Mutual Funds) Regulations in specific.

#### **I. Restrictions:**

Save and except Directorships currently held by the Independent Director, during the term of Appointment, the Independent Directors are expected not to take up directorship in any company (whether in India or abroad) engaged in the same or similar businesses as that of the Company or in a company, business or undertaking of which competes or is likely to compete with the Company or which could otherwise potentially give rise to a conflict with his/her duties with the Company. In the event that the Independent Director becomes aware of any potential conflicts of interest, or in case of doubt, he / she should consult the Chairman of the Company as soon as practicable.

During the term of Appointment, an Independent Director shall not serve as (a) an independent director in more than the prescribed number of companies and (b) a committee member of more than the prescribed number of committees including chairmanship of such committees.

**J. Dealing in shares and Code of conduct**

During the Appointment, you will comply with any relevant regulations as may be issued by Securities and Exchange Board of India, Ministry of Corporate Affairs, the Companies Act, 2013, and rules made thereunder including the Schedule IV (Code of Conduct) of the Companies Act, 2013, various Policies of the Company and such other requirements as the Board of Directors may from time to time specify.

During the term of appointment, Independent Director shall not indulge in forward dealings in securities of the Company which is prohibited under the Act.

**K. Other directorships and business interests**

The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairman and Company Secretary as soon as they become apparent.

We are pleased to welcome you on Board of the Company.

Thanking you

Yours faithfully,

**For SBI Funds Management Limited**

**Authorised Signatory**

Encl : As above

## Schedule IV

[See section 149(8)]

### 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 board and management;
- (3) scrutinise 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 behaviour, 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. 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;
  - (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.