



LIC MUTUAL FUND ASSET MANAGEMENT LIMITED

TERMS AND CONDITIONS OF APPOINTMENT FOR INDEPENDENT DIRECTORS

Independence

The appointment of an individual as an Independent Director is in due consideration of his/her declaration of being qualified as an Independent Director and is also subject to his/her continued status as "Independent" in terms of the requirement of the Companies Act, 2013("the Act") and SEBI (Mutual Fund) Regulations,1996("Mutual Fund Regulations")

The appointment of the Independent Director would be subject to approval of shareholders and would not be liable to retire by rotation.

Appointment and Re-appointment

Appointment of an Independent Director is for an initial term of five consecutive years, unless otherwise terminated earlier by and at the discretion of the Director concerned or the Company. Independent Directors are typically expected to serve two consecutive terms of five-years . Appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company, as may be in force, from time to time.

As an independent director on the Board of the company, they shall be expected to adhere to the guidelines for professional conduct and roles & duties as prescribed by Companies Act, 2013, as amended from time to time. The Independent Directors shall also perform the roles and duties required to be performed by an Independent Director pursuant to the Mutual Fund Regulations and the circulars therein.

The Re-appointment of an Independent Director shall be subject to the following conditions:

- 1) The re-appointment of an independent director shall be on the basis of the report of performance evaluation.
- 2) The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 3) 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.

The Guidelines of Professional Conduct, the Roles and Functions, and the Duties of the Independent Directors pursuant to Schedule IV of the Act are as given below:

Guidelines of professional conduct:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising their duties;
- (3) exercise their responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to professional obligations for informed and balanced decision making;



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- (5) not allow any extraneous considerations that will vitiate 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 position to the detriment of the company or 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 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.

Role and functions:

- (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) 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;
- (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.

Duties:

- (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;



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- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which they are nominated as a member;
- (4) participate constructively and actively in the Board and committees of the Board in which they are nominated as chairperson or member;
- (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 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.
- (14) 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 Companies Act, 2013.

Committees:

The Board of directors may, if it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee's that is set up in future.

Their appointment on such committee(s) will be subject to the applicable laws, rules and regulations.

There may be separate meeting of Independent Directors with the auditors of the company without the attendance of non-Independent Directors and members of the management.



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The Independent Directors shall conduct a meeting, atleast once during the financial year, without the attendance of non-Independent Directors and members of the management and all Independent Directors shall strive to be present at this meeting.

They are expected to serve in all the meetings with same diligence and commitment. Their membership shall co-exist with their term as Independent Director and shall come to an end at the cessation of their term.

Timing and Location of Board Meetings and Time Commitment:

The board meets at least four times in a year. The Independent Directors are requested to attend Meetings of the Board. They are also requested to attend Annual General Meetings, meet with shareholders and management and devote such time to duties, as appropriate for them to discharge their duties effectively and independently.

Remuneration:

The sitting fees would be payable for attending board meeting as may be decided by the Board. The sitting fees will be within the limits as prescribed under Companies Act, 2013.

Board and Individual Director Evaluation Processes:

The performances of the board as a whole and individual directors are evaluated annually by the Nomination and Remuneration Committee. If, in the meantime, there are any matters which cause any concern about their role the same should be discussed with the Chairman of the board as soon as appropriate.

The Independent Directors at their meeting shall:

- 1) review the performance of non-independent Directors and the Board as a whole.
- 2) review the performance of the Chairperson of the company, considering the views of executive Directors and non-executive Directors.
- 3) assess the quality, quantity, and timeliness of flow of information between the company management and the Board that is necessary for the Board to perform their duties effectively and reasonably.

Insurance:

Directors and Officers Liability Insurance is provided by the Company, subject to the terms of the policy, as may be in force from time to time.

Cessation:

An Independent Director may resign from his/her position at any time by serving reasonable written notice to the Board of directors.

Continuation of his/her appointment is contingent on his/her getting re-elected by the shareholders in accordance with the provisions of Act and the Articles of Association of the Company, from time to time in force.



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The appointment of Independent Directors may also be terminated or ceased in accordance with the provisions of the laws applicable to the Company and Articles of Association of the Company from time to time in force.

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. 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. However, 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.

Confidentiality:

All information acquired during the appointment is confidential to the Company and should not be disclosed either during appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.