

**CHARTERED FINANCE & LEASING LTD.
(CFL)**

(“NBFC/ B-13.02480”)

**INTERNAL CORPORATE GOVERNANCE
POLICY**

SUMMARY OF POLICY

Particular	Details
Policy Name	Internal Corporate Governance Policy
Version	V1
Latest Approval/Review Date	11th July, 2025
Review Cycle	Annually
Approver	Board of Directors of Chartered Finance & Leasing Ltd

VERSION HISTORY

Version	Approval	Version Description	Regulatory Reference	Remark
I	Board Meeting dated 11 th July, 2025	2025	RBI Regulation	Adopted by the Board

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1. Preamble and Company's philosophy on Corporate Governance

Chartered Finance & Leasing Limited ("**the Company / CFL**") is registered with Reserve Bank of India ("**RBI**") as Non-Banking Finance Company ("**NBFC**").

Corporate Governance means the system of rules, practices and processes by which a company is administered and controlled. It involves balancing the interests of the various stakeholders of the company including shareholders, employees, customers and the community within which it operates. These corporate governance guidelines will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls and regulatory disclosure.

2. Governance Structure

A. Board of Directors

The Board of Directors ("**the Board**") along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. The Board of the Company shall have an optimum combination of Executive and Non-Executive directors in compliance with the Companies Act, 2013 ("**the Act**") and other regulatory guidelines, if any.

B. Committee of the Board

The Board functions as a full Board and also through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. This approach assists to focus effectively on the issues and ensure expedient resolution of diverse matters. Each committee will have specific terms of references. Accordingly, the core Committees constituted by the Board in this connection are as follows:

1. Audit Committee

The Company has in place an Audit Committee to implement best in class in corporate governance structure. The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Act, RBI guidelines and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

Composition	The Audit Committee shall consist of a minimum of three directors with not less than 2/3rd members being independent directors.
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Frequency	The Audit Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings or at such frequency as may be deemed necessary in line with the applicable rules or regulations.
Quorum	The quorum shall be either two members or one third of the members whichever is greater.
Terms of reference	Recommendation for appointment, remuneration and terms of appointment of auditors of the Company Review and monitor the auditor's independence and performance, and effectiveness of audit process. Review of financial statements/financial results before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company. To oversee the Implementation of KYC/AML Policy on quarterly basis; • To ensure that an Information System Audit of the internal systems and processes is conducted every year to assess operational risks faced by the company. • Examination/Reviewing with the management, the annual financial statements and the auditors' report/limited review report thereon. • Evaluation of internal controls and risk management systems. • Monitoring the end use of funds raised through public offers and related matters. • Monitoring and review of frauds detected/ attempted frauds in quarter along with status update of frauds detected previously above defined thresholds. • Review of internal audit reports. • Review the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit; • Discuss with internal auditors of any significant findings and follow up thereon. • Approval or any subsequent modification of transactions of the Company with related parties

	• Recommending Omnibus approvals in accordance with provisions of Companies Act, to the Board on Related Party Transactions during the year • Annual review of outsourced activities. • Valuation of undertakings or assets of the company, wherever it is necessary. • Scrutiny of inter-corporate loans and investments • Such other power/duties and matters as mandated by Regulatory requirements or exercise other powers as may be delegated by Board from time to time.
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2. Nomination and Remuneration Committee

The Company has in place a 'Nomination and Remuneration Committee' to implement best in class corporate governance structure. The Nomination and Remuneration Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Companies Act, 2013, RBI guidelines and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

Composition	The Committee shall consist of a minimum 3 non-executive directors, with at least two third of the members shall be independent.
Frequency	The Committee shall meet at least once a year.
Quorum	The quorum shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
Terms of reference	• To formulate the criteria for determining qualifications, positive attributes and independence of a director. • To identify persons who are qualified to become Directors, key managerial personnel and senior management and recommend to the Board their appointment and removal. • To undertake the process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board and to assess the "fit and proper" criteria of the existing and proposed directors. • Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. • To specify the criteria for evaluation of performance of the Board, its committees and individual directors including Independent Directors and review its implementation

	• To scrutinize the declarations submitted by the existing / proposed directors. • To Ensure that deeds of covenants have been obtained from directors in the prescribed format at the time of their appointment/reappointment. • The remuneration/compensation/ profit-linked commission etc. to the Managing Director, Director and Independent Directors will be determined by the Committee and recommended to the Board for approval. • To recommend the appointment, removal and terms of remuneration KMP • Such other power/duties and matters as mandated by Regulatory requirements or exercise other powers as may be delegated by Board from time to time.
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3. Risk Management Committee

The Company has in place a Risk Management Committee constituted by the Board of Directors and as required by the Reserve Bank of India. The main objective of RMC is to assist the Board in effective discharge of the responsibilities of risk management and internal controls. The Committee derives its powers and responsibilities from Board of Directors and functions as per the directions of the Board.

Composition	The Committee shall consist of a minimum of 3 members majority of them being directors including at least one independent director. Further, senior executives of the company may be the members of the committee.
Frequency	As and when the committee may deem fit and will endeavour to meet at least once in every quarter.
Quorum	The quorum shall be two or one-third of the members, whichever is higher, including at least one member of the board of directors in attendance.
Terms of reference	• To formulate or modify a detailed risk management policy and procedures. • To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company • To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems. • To monitor and review Cyber Security and overall IT risk management. • To evaluate the overall risks faced by the NBFC including liquidity risk and report to the board • To monitor and review the working and functioning of the Asset Liability Management Committee and risk committee of executives • To recommend the appointment, removal and terms of remuneration of the Chief Risk Officer. • To formulate and implement a comprehensive Outsourcing Policy. • Such other power/duties and matters as mandated by Regulatory requirements or exercise other powers as may be delegated by Board from time to time

4. IT Strategy Committee

The Company has in place IT Strategy Committee constituted by the Board of Directors in accordance with the requirements of Master Direction - Information Technology Framework for the NBFC Sector. The terms of reference of the Committees will be in accordance with the guidance provided in the Master Directions and such other rules/regulations/notification and guidelines in this regard.

Composition	The Committee shall consist of such members as may be approved by the Board. The Chief Technology Officer shall be members of the Committee. The chairman of the committee shall be an independent director
Frequency	As and when the committee may deem fit but the gap between two meetings will not be more than six months.
Quorum	The quorum for a meeting of the Committee shall be two members or one-third of the members, whichever is greater.
Terms of reference	• Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place. • Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business • Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable • Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources. • Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls • Review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. • Review the Digital processes and its Roadmap • Review, approve and take decisions pertaining to all IT Policies including IT Security. • Review of the working of the IT Steering Committee of the Company. • Review the report as submitted by internal/external auditor while conducting audits under Board Approved IT Policies. • Review the IT Outsourcing Arrangements and evaluating the risks and materiality of associated with prospective outsourcing on periodic basis and recommending the same to the Board • Such other power/duties and matters as mandated by Regulatory requirements or exercise other powers as may be delegated by Board from time to time.

5. Other Committees

In addition to the aforesaid Committees, the Company has also constituted following sub-committees of the management to facilitate quick decision making and encourage delegation of authority: -

1. Asset Liability Management Committee (ALCO)
2. IT Strategy Committee
3. IT Steering Committee
4. Investment Committee
5. CSR Committee
6. Management Committee
7. Independent Director Committee

C. Chief Risk Officer

The Company has appointed a Chief Risk Officer (CRO) with clearly defined roles and responsibilities. The CRO functions independently to ensure the highest standards of risk management.

D. Fit & Proper Criteria

Fit and Proper Criteria of the directors shall be governed by the Board approved policy for ascertaining the “Fit and Proper” criteria of the directors at the time of appointment, and on a continuing basis in line with the guidelines provided by RBI.

E. Statutory Auditors

The appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Section 139 and 141 of the Act and in accordance with the applicable RBI guidelines as amended from time to time.

F. Disclosures and Transparency

1. The Company shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:
 - a. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.
 - b. conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
2. The Company shall disclose the following in their Annual Financial Statements:
 - a. Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and

- b. Asset-Liability profile, extent of financing of, non-performing assets ("NPAs") and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/assignment transactions and other disclosures, as stipulated in the Master Directions.
- c. All the disclosures as defined by the RBI in the Master Directions and any amendments thereafter or any other applicable circular.
- d. In addition to the above disclosures, all other prescribed disclosures as mentioned in various RBI Circulars or any other applicable law for the time being in force, shall be disclosed in Financial Statements and Notes to Account of the Company.

3. Review & Amendments

This policy shall be reviewed by the Board of Directors Annually, in order to align the same with the prevalent regulatory and business requirements.

In the event that any term, condition or provision of this Policy being held to be a violation of any Applicable Law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy. Further, the regulatory/statutory guidelines as prescribed shall prevail in the event of any amendments or requirements not incorporated in the policy. Notwithstanding anything contained herein, any subsequent amendment in the Companies Act, 2013 or rules made thereunder or any other applicable law in this regard, shall automatically apply to this Policy. Accordingly, this policy shall be duly revised to incorporate any amendments.