

1 Applicable Regulations and Changes

This policy on corporate governance applies to Credit Suisse Finance (India) Private Limited (“**CS Finance**” or the “**Company**”) and is formulated to comply with the Reserve Bank of India (RBI) notification dated May 8, 2007 (reference number DNBS.PD/CC 94/03.10.042/2006-07) as updated vide RBI master circular dated July 1, 2014 (reference number DNBS(PD)CC No.390/03.10.001/2014-15), RBI master direction dated September 01, 2016 (reference number DNBR. PD. 008/03.10.119/2016-17) and RBI Master Direction dated June 08, 2017 (reference number DNBS.PPD.No.04/66.15.001/2016-17).

1.1. Changes

Changes to reflect the revised guidelines and terms of reference for the Audit And Technology Committee and Nomination Committee pursuant to the RBI master directions of Information Technology framework dated June 8, 2017 (reference number DNBS.PPD.No.04/66.15.001/2016-17) and RBI master direction dated September 01, 2016 (reference number DNBR. PD. 008/03.10.119/2016-17) relating to powers, functions and duties of the Audit Committee and Nomination Committee.

2 Risk-Based Supervision and Corporate Governance

The Board of Directors (the “**Board**”) of the Company acknowledges that it plays a critical role in the proper conduct of the Company’s business. The Board is primarily responsible for setting strategy and maximizing returns for shareholders by taking an acceptable level of risk in a controlled manner. In particular, the Board must avoid conflicts of interest and balance competing demands relating to the Company. Therefore, an effective Board is a basic tenet of a risk-based supervisory approach to governance.

The Board may delegate to the Company’s management (the “**Management**”) the responsibilities of formulating and implementing sound and prudent policies and practices as well as day-to-day supervision of business operations provided that the Board continues to exercise proper control and supervision over the management.

3 Board Matters

Principle

The business of the Company is to be managed by or under the direction of the Board. The Board works with the Management to achieve this and the Management remains accountable to the Board.

Guidelines

- The Board’s role is to:
 - provide entrepreneurial leadership, set business strategy and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
 - establish a framework of prudent and effective internal control which enables risk to be assessed and managed;
 - supervise and review the performance of Management; and

- set the Company’s values and standards and ensure that the interests of the shareholders are protected and its obligations to shareholders and others are understood and met.
- All Directors must objectively make decisions in the best interests of the Company.
- If any of the Board’s powers and authorities is delegated by the Board to any Committee, Director, employee or other person (each such person shall be referred to as an **“Authorized Person”**), such delegation must be documented.
- The Board should meet regularly and as required at such times as the Board of Directors shall deem appropriate.
- The Board or its appointed Committee or an Authorized Person shall consider and approve as appropriate, inter alia, the following matters in relation to the Company:
 - making calls on shareholders in respect of money unpaid on their shares;
 - authorization to buy-back of securities under Section 68 of the Companies Act 2013 (the **“Act”**, which term shall deem to include rules, regulations, notifications, circular, orders, etc. issued thereunder from time to time);
 - issuance of securities including debentures, whether in or outside India;
 - borrowing or the raising of funds in any other manners (except by issuance of debentures);
 - investment to be made by the Company;
 - granting of loans or guarantees or the provision of security in respect of loans;
 - the financial statement of the Company and the Board’s report;
 - diversification of the business of the Company;
 - amalgamation, merger or reconstruction of the Company;
 - acquisition by the Company of another company or the controlling or substantial stake thereof;
 - any matters as prescribed by the shareholders of the Company or the Board (as the case may be) from time to time; and
 - any matters requiring the approval of the Board under applicable laws or regulations.
- Upon his/her appointment, every Director must be familiar with the Company’s business and governance practices.
- Upon the appointment of each Director, the Company must provide a formal letter/document/email to the Director setting out the Director’s general duties and obligations.
- Duties of the Directors pursuant to Section 166 of the Act are:
 - A Director must act in accordance with the articles of the Company.
 - A Director must act in good faith in order to promote the objects of the Company for the benefit of its members as a whole and in the best interests of the Company, its employees, the shareholders, the community and the environment.
 - A Director must exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
 - A Director shall not involve in a situation in which he/she may have a direct or indirect interest that conflicts, or may possibly conflict, with the interest of the Company.
 - A Director shall not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners, or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the Company.
 - A Director shall not assign his/her office and any assignment so made shall be void.

4 Fit and Proper Criteria for Directors

Principle

The Board should ensure that any person to be appointed or reappointed as Director of the Company meets the “fit and proper” criteria set out in this policy and other applicable notifications, circulars, guidelines etc. issued from time

to time by the RBI.

Guidelines

- At the time of appointment or renewal of appointment of any Director of the Company, the Board should ensure that a process of due diligence is undertaken to determine the suitability of the person for appointment/continuing to hold appointment as a Director of the Company, based upon qualification, expertise, track record, integrity and other “fit and proper” criteria as the Board and/or the Nomination Committee may deem appropriate from time to time.
- The Board should obtain necessary information and declaration from the proposed/existing Director in the format prescribed by the RBI from time to time.
- The Nomination Committee should scrutinize the “declaration and undertaking” given by the proposed/existing Director decide on the acceptance of such person as Director of the Company or otherwise and make recommendation to the Board accordingly.
- The Board should obtain annually on 31st March a declaration from the Directors of the Company that the information already provided by them has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- The Board should ensure that the nominated/elected Directors execute deeds of covenants in the format prescribed by the RBI from time to time.

5 Guidance for the Meeting of the Board

Subject to Section 174 of the Act and the Articles of Association (“**AoA**”) of the Company, the quorum for the meeting of the Board shall be two Directors or one third of the strength of the Board of Directors, whichever is higher.

- At each Board meeting, the Directors present at such meeting shall appoint a Chairman amongst the Directors present.
- Subject to the provisions of section 173 of the Act, the Company shall hold at least four Board meetings every year provided that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.
- The meetings of the Board may be held at any place in or outside India and the participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be permitted under the Act, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time or through any other medium as may be permitted under the Act from time to time. Every Director shall be given not less than seven (7) days’ notice of each meeting of the Board but a meeting of Directors may be called to transact urgent business any time even though the aforesaid notice requirement has not been fulfilled provided that all the Directors entitled to vote at the meeting waive such notice requirement or consent to short notice of the meeting and, for this purpose, the presence (via any means as mentioned in the paragraph immediately above) of a Director at the meeting shall be deemed to constitute waiver or consent on his or her part.
- Notice in writing for the Board meeting given to the Directors at his/her address registered with the Company by hand delivery, post or electronic means shall be deemed effectual.
- Subject to Article 51 of AoA of the Company, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions granted by law or under the AoA and regulations for the time being vested or exercisable by the Board generally.
- A Managing Director or a Director may at any time convene a meeting of the Directors.
- The questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors present, and in case of an equality of votes, the Chairman shall have a second or casting vote.
- Subject to the provisions of section 179 of the Act, the Board may delegate any of its powers to any Director or any committee or an Authorized Person, and may from time to time revoke and discharge any such

delegated powers either wholly or in part. Every Director or Committee or Authorized Person to whom powers are delegated as aforesaid shall, in exercise of the powers so delegated, conform to any regulations/requirements that may from time to time be imposed by the Board (in the resolution delegating the powers or through subsequent resolutions) and all acts done by any such Director or Committee or Authorized Person in conformity with such regulations/requirements and in fulfillment of the purpose of their respective appointments shall have the like force and effect as if done by the Board of the Company.

6 Access to Information

Principle

In order to fulfill their responsibilities, Directors should, prior to a Board meeting, be provided with adequate and timely information necessary for assisting their consideration of the relevant matters to be discussed in that board meeting and be kept informed on major issues concerning the Company on an on-going basis.

Guidelines

- Management has an obligation to supply the Board with complete and adequate information in a timely manner. Each Director is entitled to make such enquiries as he or she deem necessary for fulfilling his or her duties properly. Hence, the Board and each Director are entitled to independent access to the official and records of the Company as and when required.
- Information provided should include background or explanatory information relating to matters to be brought before the Board.
- Directors should have independent access to the corporate secretarial department. The corporate secretarial department should ensure that board procedures are followed and that applicable rules and regulations are complied with and that information is circulated among the Board members, the Committees, senior management and non-executive directors effectively. It should also be responsible for facilitating orientation for the Directors and assisting with their professional development as may be required.
- The Directors shall have the right, either individually or as a group, in furtherance of their duties, to take necessary independent professional advice at the Company's expenses.
- Management should bring to the Board's attention and provide the Board with information on all potential material risks facing the business, e.g., credit, market, liquidity, legal and operational risks.

7 Audit and Technology committee

Principle

The Board should establish an Audit and Technology Committee with written terms of reference which clearly sets out its authorities and duties.

Guidelines

The scope of work of the Audit and Technology Committee shall include but not limited to the followings:

- To oversee the Company's financial reporting process and disclosure of its financial information;
- To recommend to the Board the appointment of new statutory auditor or re-appointment of the existing statutory auditor and their fees;
- To review and monitor the auditor's independence and performance and effectiveness of audit process
- To approve or any subsequent modification of transactions of the Company with related parties, as applicable.
- To scrutinize inter-corporate loans and investments, if any

- To review the valuation of undertaking or assets of the Company, wherever it is necessary
- To review with the management the annual financial statements of the Company before submission to the Board for approval, with particular reference to:
 - inclusion of matters required under Sub-Section 5 of Section 134 of the Act in the Director's Responsibility Statement within the Board's report;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements of the Company arising out of audit findings; and
 - qualifications, if any, in the draft audit report.
- To discuss with internal/concurrent auditors on any significant findings and to follow up thereon;
- To review report of concurrent and internal audit (including but not limited to verification of compliance with KYC/AML policies and procedures) and monitor ratification action if any required consequent to audit observation.
- To ensure that audit of internal systems and processes is conducted on periodical basis (at least once in every two years).
- To review the findings of any investigations by the internal/concurrent auditors into matters concerning suspected fraud or irregularity or failure of internal control systems and report the same to the Board;
- Discussions with the auditors on any significant findings and to follow up thereon;
- To look into the reasons for substantial defaults in payment to debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
- To review the Business Continuity Planning (BCP) and Outsourcing operations periodically;
- To review and oversee Technology updates around key IT plan/initiatives;
- To review and oversee key information and cyber security updates,
- To review and oversee key approvals on IT policies and other updates around IT performance, IT/security incidents and regulatory initiatives, IS Audit and
- To review management letters/letters of internal control weaknesses issued by statutory auditors, internal audit reports and concurrent audit reports as well as the appointment, removal and terms of remuneration of internal/concurrent auditors; and
- Carrying out any other function as the Committee may deem appropriate from time to time.

Powers of the Audit and Technology Committee

The powers of the Audit and Technology Committee shall include but not limited to the followings:

- To investigate activity within its terms of reference;
- To seek information from any employees in accordance with its terms of reference;
- To call for comments of the auditors about the internal control systems, the scope of audit including the observations of the auditors and review of financial statement 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 obtain outside legal and professional advice, as and when deemed desirable; and
- To invite outsiders with relevant expertise to attend any meeting of the Audit and Technology Committee if it considers necessary.

To deal with any other matters as may be required from time to time, under any statutory, contractual or regulatory requirements.

Periodicity Of The Meeting

Audit Committee shall meet at least twice in a financial year and as and when it deems necessary

8 Nomination Committee

Principle

The Board should establish a Nomination Committee with written terms of reference which clearly sets out its authorities and duties.

Guidelines

The scope of work of the Nomination Committee shall include but not limited to the followings:

- To formulate and undertake a process of due diligence on an annual basis to determine the “fit and proper” status of existing Directors of the Company based on those criteria set out in Section 4 of this policy and any other applicable notifications, circulars, guidelines etc. issued by the RBI from time to time.
- To formulate and undertake a process of due diligence to determine the ‘fit and proper’ status of any person proposed to be appointed as a Director of the Company based on those criteria set out in Section 4 of this policy and any other applicable notifications, circulars, guidelines etc. issued by the RBI from time to time.
- To obtain and scrutinize the “declaration and undertaking” from any existing/proposed Director of the Company, decide on the acceptance of such person as Director or otherwise and make recommendation to the Board accordingly.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To deal with any other matters as may be required from time to time, under any statutory, contractual or regulatory requirements.

Periodicity Of The Meeting

Nomination Committee shall meet at least once in a financial year and whenever any person is proposed to be appointed as a Director. Further it shall meet as and when it deems necessary.

9 Asset Liability Management Committee (“ALCO”)

Principle

The Board should establish an Asset Liability Management Committee (“ALCO”) with written terms of reference which clearly sets out its authorities and duties.

Guidelines

- The ALCO should comprise of senior management executives of the Company. The ALCO is empowered to manage the asset liability gap and interest rate structures to address liquidity, interest rate and related risks.
- The Company should put in place necessary Asset Liability Management (“ALM”) strategy guidelines and charter of ALCO which sets out, inter alia, their roles and responsibilities. Various support groups as may be necessary shall be formed to supplement and support the ALCO’s functions.
- The scope of work of the ALCO shall include but not limited to the followings:
 - To review changes in the market and regulatory environment affecting the liquidity of assets and liability sources.
 - To review, formulate and implement borrowing plan for the Company including the establishment of resource planning framework.
 - To review funding and balance sheet trends and activities.
 - To plan and monitor regulatory and business liquidity requirements.
 - To plan and monitor regulatory capital adequacy and regulate single and group lending limits.
 - To review and monitor leverage capability and usage of the Company.
 - To formulate and propose lending limit to the Treasury Department and monitor compliance of guidelines by the Treasury Department with respect to approval of the proposal.
 - To review and update the local liquidity policy for approval by the Treasury Department.
 - To review implementation of the internal funds transfer pricing (“FTP”) policy as approved by the Treasury Department and monitor the compliance of the policy.
 - To ensure that the limits of assets and liabilities set by the Board and the business strategy of the Company (on the asset and liability sides) are in line with the Company’s budget and agreed risk

management objectives.

- To ensure asset-liability gap of the Company.
- To analyze, monitor and report to the Board the risk profile of the Company.
- To discuss issues associated with desired maturity profile of assets and liabilities and the mix of incremental assets & liabilities.
- To report to the Board on the adequacy of the Company's systems and controls for managing risk and to recommend any necessary changes thereto.
- To ensure that all activities of the Company are in compliance with overall regulatory framework and government regulations.
- To deal with such other matters as may from time to time be required by any statutory, contractual or regulatory requirements to be attended to by the ALCO.

Periodicity Of The Meeting

Asset Liability Management Committee shall meet at least once in a quarter and as and when it deems necessary

10 Risk Management Committee ("RMC")

Principle

The Board should establish a Risk Management Committee ("**RMC**") with written terms of reference which clearly sets out its authorities and duties.

Guidelines

- The Risk Management Committee should oversee the establishment and operation of the risk management system including the review of adequacy of risk management practices for material risks such as credit, market, liquidity, legal compliance regulatory and operational risks on a regular basis.
- Depending on the scale, nature and complexity of the Company's business, the Board or the Risk Management Committee should establish a separate risk management function responsible for monitoring and managing the risks that the Company faces.
- The scope of work of the Risk Management Committee shall include but not limited to the followings:
 - To identify risk areas of the business and formulate risk management policy and strategies to mitigate those identified risks.
 - To design and implement risk management policies and management information system framework for integrated risk management of the Company.
 - To monitor and analyze various possible changes to market conditions which may affect the balance sheet of the Company and recommend the action(s) needed to be taken to ensure that the Company adheres to its lending limits.
 - To ensure that the Company adheres to the Market risk limits.
 - To articulate the view of the Company on current interest rate and determine the Company's future business strategy on this basis.
 - To report to the Board on the adequacy of the Company's systems and controls for managing risk and recommend any necessary changes thereto.
 - To ensure that all activities of the Company are in compliance with the overall regulatory framework and government regulations.
 - To review the progress of implementation of the decisions made by Risk Management Committee and the results thereof.
 - To deal with such other matters as may from time to time be required by any statutory, contractual or regulatory requirements in relation to risk management of the Company.

Periodicity Of The Meeting

Risk Management Committee shall meet at least once in a quarter and as and when it deems necessary.

11 Related Party Transactions/Connected Lending Relationship

Principle

The Board should ensure that the transactions of the Company with related parties are conducted in the ordinary course of business of the Company at arm's length basis and in accordance with the Act and other applicable regulations.

Guidelines

- The transactions with related parties should be disclosed in the annual reports of the Company.
- The Board and Audit and Technology Committee, if required, should ensure that established control processes are not overridden in related party transactions and should periodically review the related party transactions then taking place.
- Related party transactions should be monitored and appropriate steps should be taken to control or mitigate the risks of related party lending. The terms and conditions applicable to such lending should not be more favorable than lending to non-related party under similar circumstances.

12 Corporate Social Responsibility Committee

Principle

The Board shall establish a Corporate Social Responsibility (“CSR”) Committee with written terms of reference which clearly sets out its authorities and duties.

Guidelines

- The CSR shall be responsible for the management of the CSR framework pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
- The scope of work of the CSR shall include the following:
 - To formulate and recommend to the Board, a Corporate Social Responsibility Policy (“CSR Policy”) in accordance with the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.
 - To review and recommend the expenditure to be incurred on the CSR activities.
 - To ensure that appropriate measures are taken in relation to expenditure on CSR activities as mentioned in the CSR Policy.
 - To monitor, review and recommend changes to the CSR Policy, undertake all related activities including appointment/authorizing officials, employees, or such other person as the Committee may deem appropriate from time to time.
 - Carrying out any other function as the Committee may deem appropriate from time to time relating to CSR.

PERIODICITY OF THE MEETING

CSR Committee shall meet at least once in a financial year and as and when it deems necessary.

¹ As defined under Companies Act 2013/applicable Accounting Standards.

