



**CREDITACCESS GRAMEEN LIMITED**

**CORPORATE GOVERNANCE POLICY**

## Revision History

Version	Author	Description of Changes	Release Date
1	Company Secretary	First version	2016
2	Company Secretary	Changes as per SEBI Regulations	August 11, 2021
3	Company Secretary	Amendments to clause 3 "Board of Directors" of the Policy	March 23, 2022
3	Chief Compliance Officer	Re-adoption	May 16, 2023
4.	Chief Compliance Officer	<ul style="list-style-type: none"> <li>• Aligned Section 2 with the new Master Direction – "Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" dated October 19, 2023.</li> <li>• Inserted a para on Board responsibility under Section 3 – Board of Directors and clause (f) under Section 8 – Disclosure and Transparency.</li> <li>• Replaced Section 9 to bring reference to 'Policy on Appointment of Statutory Auditors (SAs)'.</li> <li>• Included Section 10 - "policy review"</li> </ul>	April 01, 2024

Version	Author	Reviewed by	Approved by
1	Company Secretary	MD & CEO	Board of Directors
2	Company Secretary	MD & CEO	Board of Directors
3	Chief Compliance Officer	Managing Director	Board of Directors
4	Chief Compliance Officer	Managing Director	Board of Directors

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## CORPORATE GOVERNANCE POLICY

### 1. Policy Statement and Purpose

CreditAccess Grameen Limited, ("Company"), is committed to highest standards of professionalism, ethics, accountability and integrity as well as to follow best practices in Corporate Governance, disclosure and transparency in its business operations. The Company always strives to achieve the best and constantly endeavours to improve upon its standards.

### 2. RBI Directions on Corporate Governance

The Reserve Bank of India ("RBI") has issued the Master Direction – "Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" dated October 19, 2023 ("RBISBR Directions"), which applies among others to NBFC-MFIs with asset size of INR1000 Crore and above. The Company is registered with the RBI as a Non-Banking Financial Company – Micro Finance Institution ("NBFC-MFI") and accordingly SBR Directions are applicable to the Company. Further, in terms of the Master Direction, the Company is required to frame internal guidelines on corporate governance with the approval of the Board of Directors of the Company and accordingly, the Company has put in place this policy on Corporate Governance ("Corporate Governance Policy").

The policy has also been aligned with the Companies Act, 2013 ('Act') SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as may be amended from time to time. In case of overlap of regulations on any subject matter, the Company shall ensure to comply with the Regulations which is more stringent.

### 3. Board of Directors

The Board is responsible to act in the best interest of the Company and its shareholders. In discharging their duties, the Directors shall comply with the Code of Conduct as applicable to them, as adopted by the Board from time to time.

As per the Articles of Association of the Company, the Board of Directors shall have an optimum combination of Executive, Non-Executive and Independent Directors, with at least one woman Director, as prescribed under the Companies Act, 2013 ("Act") and SEBI Listing Regulations, from time to time. The Independent Directors shall be appointed for such tenure as may be decided by the Board of Directors but not more than 2 (two) terms of 5 years each or such number of years as may be prescribed under the Act and SEBI Listing Regulations.

The Board of Directors ("Board") shall meet in each year for not less than such number of times as may be required under the Act, read with applicable provisions of SEBI Listing Regulations. The quorum for such meetings shall be as prescribed under the Act and SEBI Listing Regulations, from time to time.

Every director of the Company shall not hold the office of a director including Chairmanship, membership of Committees of the Board in more than such number of companies as may be prescribed under the Act, SEBI Listing Regulations and RBI Directions. The Board shall constitute / re-constitute the Committees as and when required. The election of chairman of Board and Committees shall be decided by the Board.

The Board shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of noncompliance, if any.

The performance of the entire Board of the Company shall be evaluated based on the procedures and criteria as laid down in the Policy for Evaluation of the Performance of the Board of Directors.

#### **4. Duties and Responsibilities of Directors**

The Board shall meet the expectations of shareholders by adhering to the requirements specified in 'Report of the Consultative Group of directors of Banks / Financial Institutions' suggested by Reserve Bank of India ("RBI") apart from the statutory duties and responsibilities prescribed under the Act, RBI Directions and SEBI Listing Regulations in this regard.

All directors of the company shall 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 and the community in general.

#### **5. Committees of Board**

The Board shall be empowered to constitute such number of Committees comprising such members as may be required from time to time to meet the regulatory requirements. The Committee so formed shall operate within the parameters set by the Board from time to time and the Board shall, depending on the requirement, amend, withdraw or expand the scope of reference of such Committees from time to time. Based on the extant requirement for setting up of Board Committees under RBI Directions, SEBI Listing Regulations and the Act, the Company shall constitute the following Committees of the Board. In addition, the Board may constitute such other Committees in line with the best practices and operational requirement, from time to time.

- a) Audit Committee
- b) Asset Liability Management (ALM) Committee
- c) Risk Management Committee
- d) Nomination & Remuneration Committee
- e) Corporate Social Responsibility Committee
- f) Executive, Borrowings & Investment Committee
- g) Information Technology Strategy Committee
- h) Stakeholders' Relationship Committee.

The terms of reference, roles and responsibilities of the aforesaid Committees will be further aligned based on the changes in the applicable RBI Directions, SEBI Listing Regulations and the provisions of the Act, with the approval of Board.

#### **6. Fit and Proper Criteria**

The Company recognizes the importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity etc. Therefore, the company has put in place an internal supervisory process to carry out due diligence on persons proposed to be appointed / re-appointed as directors. In line with the RBI Directions, the Company follows the procedures mentioned below and ensures that the minimum criteria are fulfilled by the persons before they are appointed on the Boards:

- a) The Company shall undertake due diligence at the time of appointment / re-appointment of the person as a Director on the Board, based upon their qualification, expertise, experience, track record, integrity and other 'fit and proper' criteria.
- b) The Nomination & Remuneration Committee of the Board shall evaluate the due diligence process and decide on the acceptance or otherwise of the directors.
- c) The Company shall obtain an annual declaration from each director regarding compliance with the requirements of RBI Directions.
- d) The Board shall ensure that all Directors execute the deed of covenants in the format

prescribed under RBI Directions.

## **7. Reporting to RBI**

As per the extant RBI Directions, the Company shall report the following to RBI:

- a) a quarterly statement on change of directors.
- b) a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed.
- c) The statement submitted by the Company for the quarter ending March 31 each year shall be certified by the auditors.

## **8. Disclosure and Transparency**

As required under extant RBI Directions, the Company shall put up the following to the Board, at regular intervals, as may be prescribed by the Board in this regard:

- 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.

The Company shall also disclose the following every year in its Annual Financial Statements:

- a) Registration/ license/ authorisation, by whatever name called, obtained from other financial sector regulators, if any.
- b) Ratings assigned by credit rating agencies and migration of ratings during the year.
- c) Penalties, if any, levied by any regulator.
- d) Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
- e) Asset-Liability profile, extent of financing of parent company products, 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 prescribed.
- f) Disclosures of the information in the Annual Financial Statements/ Board's Report as may be prescribed under the RBI and / or other Regulatory Framework, as applicable to the Company from time to time.

## **9. Tenure and Rotation of Statutory Auditors**

The eligibility, appointment, tenure etc. of the Statutory Auditors of the Company shall be guided by the 'Policy on Appointment of Statutory Auditors (SAs)', as approved by the Board of Directors of the Company, from time to time.

## **10. Review of the Policy**

This Policy shall be reviewed at least once a year and modified, as and when deemed necessary, to ensure alignment with the applicable laws and best practices in Corporate Governance.

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