

# **INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

**Mirae Asset Financial Services (India) Private Limited**

## Version 1.0

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## VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation/Change	Department	Version Number	Approved By
1	Original Document	November 7, 2024	Compliance	Ver. 1.0	Board of Directors

## INTRODUCTION

Mirae Asset Financial Services (India) Private Limited (“MAFS” or “Company”) is registered as Non-Banking Financial Company with the Reserve Bank of India (“RBI”) under Section 45 IA of the Reserve Bank of India Act, 1934.

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended from time to time) issued by the RBI require the NBFCs to frame Internal Guidelines on Corporate Governance approved by the Board of Directors. Accordingly, the Company has framed Internal Guidelines on Corporate Governance.

## PHILOSOPHY

At MAFS, we believe that maintaining high standards of corporate governance is essential for long-term success and the protection and maximization of stakeholder interests. We are committed to achieving the highest standards of legal and regulatory compliance through comprehensive policies, guidelines, and procedures that align with applicable laws. Our governance practices are the foundation for sustainable value creation and are guided by an unwavering commitment to ethical conduct, transparency, and accountability in all our business operations.

## BOARD OF DIRECTORS

The Board of Directors ("the Board") are responsible for exercising their judgment in the best interests of the Company and its stakeholders. As trustees, the Board's primary role is to protect and enhance stakeholder value through strategic inputs and effective supervision. Along with its Committees, the Board shall provide direction to the leadership team, ensures appropriate controls, and emphasizes transparency, accountability, and integrity in all governance matters.

The Board shall have an optimum combination of executive, non-executive and independent directors in line with the requirements of the provisions of the Companies Act, 2013

(hereinafter referred to as “the Act”), Articles of Association of the Company and RBI Guidelines, as amended from time to time. The Company shall have at least one of the directors on the Board shall have experience of having worked in a bank/ NBFC. All the Directors shall meet the ‘fit and proper’ criteria as prescribed by the RBI. The Board shall periodically review the compliances of all applicable laws to the Company.

The Board Meetings of the Company shall be held as per the requirements prescribed under the Act and as decided by the Board of Directors. The quorum shall be as per the requirements of the Applicable Laws and as per the provisions of the Articles of Association of the Company.

Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-Middle Layer or NBFC-Upper Layer and Independent director shall not be on the Board of more than three NBFCs (NBFC - ML or NBFC - UL) at the same time.

## COMMITTEES

To address issues effectively and ensure the prompt resolution of various matters, the Board has established several Committees with specific terms of reference. These Committees act as empowered agents of the Board in accordance with their Charters, as approved by the Board of Directors. In accordance with the provisions of the Act, applicable laws and directions issued by RBI from time to time, the Board of Directors shall constitute following Committees:

### **AUDIT COMMITTEE**

The Audit Committee shall consist of not less than three members of its Board of Director. The Committee shall meet at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two meetings. The quorum for the meeting shall either be two members or one third of the members of the audit committee, whichever is greater. The Committee shall be governed by the provisions of the Act, RBI guidelines and terms of reference of the Committee approved by the Board of Directors from time to time.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent director. The Chairperson of the company (whether executive or non-executive) may be appointed as a member of the Committee but shall not chair such Committee. The Committee shall meet at least once in a year. The quorum for a meeting 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. The Committee shall be governed by the provisions of the Act, RBI guidelines and terms of reference of the Committee approved by the Board of Directors from time to time.

### **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee shall consist of a minimum of three members as may be decided by the Board. The risk management committee shall meet at least twice a year. The quorum for a meeting shall be either two members or one third of the members of the committee, whichever is greater. The Risk Management Committee shall have the powers and duties conferred upon it in compliance with the provisions of RBI Directions, and such other duties, obligations and powers as may be prescribed by the Board of Directors from time to time. Further, the RMC shall be responsible for evaluating the overall risks faced by the Company including liquidity risk and shall report to the Board.

### **ASSET LIABILITY MANAGEMENT COMMITTEE**

The Asset Liability Management Committee shall consist of the Company's top management and shall be responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The Chief Executive Officer or Managing Director shall head the Committee.

### **IT STRATEGY COMMITTEE**

The Company shall constitute an IT Strategy Committee, as required under the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by the RBI. The Committee shall consist of minimum of three directors as members

with Chairman also being an independent director and have substantial IT expertise in managing/ guiding information technology initiatives. The Committee shall meet at least on a quarterly basis. The quorum for a meeting shall be either two members or one third of the members of the committee, whichever is greater. The Committee shall be governed by the provisions of the RBI guidelines and terms of reference of the Committee approved by the Board of Directors from time to time.

In addition, the Board may constitute such other Committees in line with the best practices and operational requirement, from time to time.

## FIT AND PROPER CRITERIA FOR DIRECTORS

The Company have in place a policy for ascertaining the 'fit and proper' criteria at the time of appointment of Directors and on a continuing basis. The Nomination and Remuneration Committee shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria. The Nomination and Remuneration Committee should obtain such declarations/undertakings, deed of covenant from the Directors and ensure furnishing such statement and certificates as may be prescribed by the Policy on Fit and Proper Criteria for Directors in line with the RBI Master Directions.

The Company shall ensure that a quarterly statement is submitted within 15 days from the end of the respective quarter to RBI on change of directors along with a certificate from the Managing Director certifying that the fit and proper criteria is adhered while selecting directors. The statement for the quarter ending March 31, shall be certified by the statutory auditors.

## AUDITORS

### **Statutory Auditors:**

In order to protect the independence of the auditors / audit firms, the Company shall appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying

the eligibility norms each year. Detailed policy on for Appointment of Statutory Auditors is available on the website of the Company.

**Internal Auditors:**

The Board of the Company shall appoint Internal Auditors in accordance with the provisions of the Act and RBI regulations, who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness. The reports of the Internal Audit shall be placed before the Audit Committee for review.

**Secretarial Auditors:**

The Board shall appoint an independent Company Secretary in practice, in accordance with the provisions of the Act to conduct a Secretarial Audit of the Company for every financial year. The Secretarial Auditor shall provide their report in the form and manner prescribed under the Act. The Secretarial Audit Report shall be annexed to the Board's Report which shall be circulated to the members /shareholders of the Company.

**POLICIES ADOPTED BY THE COMPANY**

The Company shall adopt policies as required under the Act, the RBI Guidelines applicable to the Company, and any other relevant laws and regulations.

These adopted policies shall be reviewed periodically by the Board or the designated Committee.

**DISCLOSURE AND TRANSPARENCY**

The Company shall put up to the Board of Directors or its Committee, 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.

The company shall also disclose following in the Annual Financial Statements:

- a) registration/ license/ authorisation, by whatever name called, obtained from other financial sector regulators;
- 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 the Company and other disclosures as stipulated in the RBI guidelines, as amended from time to time.

#### CHIEF COMPLIANCE OFFICER

The Board of Directors of the Company shall appoint a Chief Compliance Officer (CCO) to oversee the independent compliance function and ensure a robust compliance risk management framework.

The CCO shall be a senior executive, holding a position no lower than three levels below the CEO.

#### LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

The company shall have Board approved policy on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding.



## VIGIL MECHANISM

The Company shall formulate a vigil mechanism / whistle blower policy to enable directors and employees to report genuine concerns about unethical behaviour actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimisation. The policy shall be hosted on the website of the Company.

## REVIEW/REVISION

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.