SMFG India Home Finance Company Limited

Corporate Governance Policy

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Corporate Governance Philosophy and Practice of the Company

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders.

Corporate Governance is primarily the responsibility of the Board as a group. The Board performs its duties with the support of managerial staff. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to enhance the trust and confidence of the stakeholders.

SMFG India Home Finance Company Limited (“the Company”) believes in adopting and adhering to the best recognized corporate governance practices. Good corporate governance practices stem from the culture and mindset of the organization. While practicing good corporate governance, Company strives to communicate to the stakeholders, all the material developments and its financial performance in a timely, meaningful, and truthful manner to the concerned stakeholders, in accordance with the disclosure norms prescribed by the regulatory/ statutory authorities, from time to time.

The Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Board will oversee the performance of the Company and ensure protection of stakeholders and maximize their long-term value. There should be active participation of Independent Directors in the Company.

The Board will also ensure that good corporate governance practices are adopted by the subsidiary company(ies) of the Company.

Guidelines on Corporate Governance

To ensure greater transparency in the operations of the Company in line with the contemporary practices relating to Corporate Governance, the Company has formulated and adopted this Corporate Governance Policy (“the Policy”), in terms of the following applicable laws:

1. The Companies Act, 2013 (“the Act”) and the relevant provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014, as amended, from time to time.
2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended, from time to time.
3. Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025 and Reserve Bank of India (Housing Finance Companies) Directions, 2025(“RBI Directions”).
4. Indian Accounting Standards 24 (IND AS-24), as amended, from time to time.
5. IRDA (Registration of Corporate Agents) Regulations, 2015, as amended, from time to time;
6. Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) Directions, 2025 and guidelines issued thereunder from time to time to the extent applicable to loans and advances to related parties; and
7. Secretarial Standards 1 and Secretarial Standards 2 issued by the Institute of Company Secretaries of India.

8. Any other master directions or circulars as may be issued by any regulatory authority from time to time and as may be applicable to the Company w.r.t. corporate governance.

Corporate Governance Framework

I. **Objective**

The Company's Corporate Governance framework is designed to ensure transparency, accountability, and ethical conduct in all its operations. The elements of this framework collectively aim to protect the interests of stakeholders, customers, employees, society, and the environment, while ensuring compliance with regulations and statutes. This is achieved through the implementation of ethical business practices, transparent decision-making processes, and a commitment to social and environmental responsibility.

The Company has constituted various Board Committees, these committees play a crucial role in overseeing the Company's operations, ensuring compliance with policies and procedures, and addressing any acts of wrongdoing, violations, or breaches.

Management committees are responsible for the day-to-day operations and strategic decision-making within the company. These committees ensure that the company's policies and procedures are effectively implemented and adhered to, thereby safeguarding the interests of all stakeholders.

The terms of reference for these committees outline their roles, responsibilities, and authority. This ensures that each committee operates within a defined framework, promoting accountability and transparency in their actions.

The company has implemented various policies to guide its operations and ensure ethical conduct. These policies provide a structured approach to reporting and addressing any acts of wrongdoing, violations, or breaches, thereby protecting the interests of stakeholders, customers, employees, society, and the environment.

II. Board of Directors

a. **Role**

The Board of Directors (“the Board”) will be responsible for exercising its business judgments to act in what it believes to be in the best interest of the Company and its shareholders. The Board along with its constituted Committees will provide direction and guidance to the Company’s Leadership Team and will further supervise and review the performance of the Company.

As the Directors occupy a fiduciary position, they will attend and actively participate in Board and Committee meetings thereof, on which they serve, and will properly discharge their responsibilities.

The Board will be responsible for overall compliance with the corporate governance of the Company and oversee the business affairs, in doing so the Board must act honestly, in good faith and in the best interest of the Company. Further the Board will have a vital role to play in the matters relating to Policy Formulation, implementation and strategic issues which are crucial for the long-term development of the organization.

b. Size of the Board

The Board's strength will be minimum three (3) and the maximum number of directors be as per the limit specified in the Act, Listing Regulations and Articles of Association of the Company.

c. Board Composition

The Company's Board will have an optimum combination of Executive and Non-Executive Directors including Independent Directors in line with the requirements of the provisions of the Act, Listing Regulations, RBI Directions, other applicable laws, if any, and the Articles of Association of the Company.

At least one of the directors shall have relevant experience of having worked in a bank or an NBFC.

Any vacancy of Director created due to expiration of the term will be filled not later than the date of office of director is vacated. Any vacancy caused in the office of the Director due to any reason other than expiry of term will be filled within 3 months from the date of such vacancy.

d. Independent Directors

Nomination and Remuneration Committee (NRC) will ensure that Independent Directors of the Company meet the criteria relating to independence as prescribed under Section 149 (6) of the Act. It will be the responsibility of the Independent Director of the Company to notify any event, which will impair his/her ability to remain independent from the management.

An Independent Director will not be on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC- Upper Layer) at the same time. An Independent Director may take up directorship in other companies, within the prescribed limits. The Board shall ensure that there is no conflict arising out of its independent director/s being on the Board of another NBFC at the same time.

No Independent Director, who resigns from the Company, shall be appointed as an Executive / Whole Time Director on the board of the Company, its holding, subsidiary or associate company or on the board of a Company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director.

The Independent Directors will abide by the Code of Conduct for Directors and Senior Management of the Company and submit a declaration confirming their adherence to the same. Further, it must be ensured that the names of Independent Directors (existing/proposed) should appear in the database of the Indian Institute of Corporate Affairs (IICA).

Independent Directors will comply with the provisions specified in Schedule IV to the Companies Act, 2013 and other applicable laws. They will be eligible for sitting fees for attending the meetings of the Board, Committees, etc. They will also be eligible for commission on profits if approved by the Board and the Shareholders. The sitting fees and commissions payable, if any, will be within the prescribed limits of the Act and as approved by the Board and Shareholders. Apart from sitting fees and commission, the Independent Directors will also be eligible for reimbursement of expenses incurred for attending the Board and other meetings. Independent directors shall not be entitled to any stock option.

Other Non-Executive Directors of the Company will be eligible for compensation as may be approved by the Board. The Company shall undertake Directors and Officers insurance (D and O insurance) for all its directors for such sum assured and for such risks as may be determined by its board of directors.

e. Change in Directors

The Company shall obtain prior written permission of RBI for any change in the management of the Company, which would result in change in more than 30% of the directors, excluding independent directors. Such prior approval would not be required in case of directors who get re-elected on retirement by rotation. The Company shall submit an application for change in management on the Company's letterhead, for obtaining prior approval of RBI through PRAVAAH portal alongwith documents as may be required.

f. Meetings of the Board

The Board Meetings of the Company will be held as per the requirements prescribed under the Act Listing Regulations and as decided by the Board. The meetings of the Board will generally be held at the Company's Corporate Office unless otherwise decided by the Board of Directors. The dates of the meetings will be fixed well in advance. The quorum will be as per the requirements of the Act and Listing Regulations.

g. Information to be placed before Board

All the matters which are of strategic importance, required as per statute and of material significance will be placed before the Board. To enable the Board members to discharge their responsibilities effectively and take informed decisions, detailed agenda papers, with explanations on each item, will be sent to each Director well in advance of the Board and its Committee meetings. All the items on the agenda will be discussed in detail during the Board and its Committee meetings. Each Board member is free to suggest inclusion of items in the agenda and raise any matters that are not on the agenda of the Board Meeting with the permission of the Chair. If the subject matter of agenda is sensitive, relevant information can be made available only at the time of the Board Meeting. The Board members will have complete access to any information within the Company and to any employee of the Company.

The following information amongst others will be placed before the Board, at such intervals, as may be prescribed by the Board in this regard:

i. Minimum information as set out in Part A of Schedule II to the Listing Regulations;
ii. Financial and Business update
iii. Progress made in putting in place a progressive risk management system, and risk management policy, procedures followed about risk assessment and minimization and strategy followed;
iv. Conformity with prescribed regulatory/ statutory 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.
v. Types of exposure;
vi. Related party transactions;
vii. Lending to Related Parties;
viii. Key changes in Directors, Senior Management level;
ix. Customer complaints and its redressal.
x. Policies of the Company
xi. Terms of Reference of Board and Management Committees
xii. Disclosure of Interest by Directors & KMPs

h. Minutes of the meetings of the Board

The minutes of all meetings of the Board / Committee will be circulated to all the Board / Committee members and will be noted in the consequent Board / Committee Meeting.

III. Board Committees & Management Committees

In order to focus on the critical functions of the Company, the Board may constitute such Committees as and when required to ensure smooth functioning of the Company.

The following Committees (collectively known as "Board Committee(s)") have been constituted by the Board:

i. Audit Committee.
ii. Risk Oversight Committee.
iii. Nomination & Remuneration Committee.
iv. Corporate Social Responsibility Committee.
v. Stakeholders Relationship Committee.
vi. IT Strategy Committee
vii. Wilful Defaulters Review Committee; and
viii. Other such committees as may be required from operational or regulatory perspective.

The terms of reference of the above-mentioned Committees will be determined by the Board from time to time.

i. Audit Committee

The constitution of the Audit Committee (ACB) will be in line with the provisions of Section 177 of the Act, the RBI Directions, Guidelines issued by the RBI / NHB in this regard, from time to time, the Articles of Association of the Company and other applicable acts if any.

The ACB will be vested with necessary powers and function as per the Charter/Terms of Reference approved by the Board and any such duties as may be delegated to it from time to time. The Terms of Reference will include amongst other things, examination of financial statements, appointment of internal/statutory/secretarial auditors, review of their audit reports, review of accounting policies, etc.

The Composition, quorum and meetings, roles & responsibilities of the Audit Committee will be in accordance with its **Terms of Reference**, duly approved by the Board.

Sub-Committee of Audit Committee:

Compliance Committee

The Compliance Committee assists the MD & CEO and Leadership Team in overseeing adherence to the Company's Compliance Policy. It ensures a strong compliance culture, approves policies, supervises compliance activities, and manages an effective compliance system. The Compliance Committee reports to ACB and has responsibilities & powers as specified in its **Term of Reference**.

ii. Risk Oversight Committee

The constitution of the Risk Oversight Committee (ROC) will be in line with the requirements of the NHB Directions and other applicable acts if any. The Committee will be vested with necessary powers and function as per the Charter/Terms of Reference approved by the Board and any such duties as may be delegated to it from time to time. The Terms of Reference will include amongst other things, review and control key risk areas, across the entire organization. The Committee will review and monitor mainly; credit risk, market risk, liquidity risk, operational risk, regulatory risk, reputational risk, etc.

The Composition, quorum and meetings, roles & responsibilities will be in accordance with its **Terms of Reference**, duly approved by the Board.

Sub-Committee of Risk Oversight Committee:

a) Asset Liability Management Committee

The Asset and Liability Committee (ALCO) will set and ensure compliance with balance sheet management policies, including managing the Company`s liquidity and interest rate risk, as required by the Reserve Bank of India Directions, updated periodically. The Committee has responsibilities and powers as specified in its **Term of Reference**. The ALCO committee may further sub-delegate its specific roles & responsibilities as under:

- **Pricing Committee**

The Pricing Committee will provide necessary assistance to ALCO in all roles and responsibilities delegated to it by ALCO, including reviewing and approving the Product Pricing related pricing policies, review and recommend Prime Lending Rate, Transfer Pricing, amend boarding rates strategy and pricing grid. The Committee has responsibilities and powers as specified in its **Term of Reference**.

b) Borrowing Committee

The Borrowing Committee will review and approve the borrowing and funding transactions in line with Company's policies and do all such acts, deeds and things as may be necessary or expedient for carrying out of the aforesaid activities more particularly referred to in the Board Resolutions. The Committee has responsibilities and powers as specified in its **Term of Reference**.

c) ICAAP Assessment Committee

ICAAP Assessment Committee will approve ICAAP procedures in accordance with the policy approved by the Board, review the stress testing framework, risk factors, scenarios, and stress levels, review and recommend changes to the ICAAP Policy and methodologies to the Risk Oversight Committee. The Committee has responsibilities and powers as specified in its **Term of Reference**.

d) Outsourcing Committee

The Outsourcing Committee will assist the Management and the Board in ensuring adequate management and oversight in adherence to the outsourcing framework of the Company and provide a cross-functional awareness and sufficient subject matter expertise input into the assessment of risks related to Outsourcing. The Committee has responsibilities and powers as specified in its **Term of Reference**.

e) Fraud Risk Management Committee

The Fraud Risk Management Committee will review and oversee the effectiveness of the Company's fraud risk management policies and frameworks. It will address fraud trends, corrective actions, and preventive measures. It will provide inputs to the Audit Committee of the Board and monitor the implementation of regulatory guidelines. The Committee has responsibilities and powers as specified in its **Term of Reference.**

f) Operational Risk Management Committee

The Operational Risk Management Committee (ORMC) will develop, implement, and monitor the framework for managing operational risk across the Company. It will also create and review Business Continuity Plans. The Committee has responsibilities and powers as specified in its **Term of Reference**. The ORMC may further sub-delegate its specific roles & responsibilities as under:

- **Process Approval Committee**

To ensure stakeholder approval of all new processes before their introduction, the Process Approval Committee is established to identify, document, and assess operational and compliance risks associated with the Company's business activities. It addresses flaws in products and processes and assesses risks in new products, processes, or changes in the business environment to avert significant losses. The Committee has responsibilities and powers as specified in its Term of Reference.

g) Scorecard Model Assessment Committee

The Scorecard Model Assessment Committee will assist Risk Oversight Committee by reviewing and approving Model/Scorecard strategy and implementation ensuring they align with the Company's goals and regulations. The Committee has responsibilities and powers as specified in the **Term of Reference**.

h) ECL Model Assessment Committee

To manage model risk in Expected Credit Loss (ECL) parameter estimation and ensure optimal risk management standards, ECL Model Assessment Committee has been formed. The Committee critically examines assumptions in ECL parameter estimation to ensure accuracy in the final computation**.** The Committee has responsibilities and powers as specified in its **Term of Reference**.

iii. Nomination & Remuneration Committee

The constitution of the Nomination & Remuneration Committee (NRC) is to meet the requirements of Section 178 of the Act, RBI Directions, and other applicable acts, if any. The Committee will be vested with necessary powers and function as per the Charter/Terms of Reference approved by the Board and any such duties as may be delegated to it from time to time.

The Terms of Reference will include amongst other things reviewing appointments/ removals of directors and senior management, compensation related matters of the directors and senior management, evaluation of Directors performance, strategic matters of human resources at the organizational level, etc.

The Composition, quorum and meetings, roles & responsibilities will be in accordance with the Terms of Reference, duly approved by the Board.

iv. Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee (CSR Committee) will be in line with the requirements prescribed under Section 135 of the Act and the relevant Rules made thereunder.

The Committee will be vested with necessary powers and function as per the Charter/Terms of Reference approved by the Board and any such duties as may be delegated to it from time to time.

The Terms of Reference will include amongst other things review of CSR budgets along with annual action plan, CSR programs and policies, CSR spendings, etc.

The Composition, quorum and meetings, roles & responsibilities will be in accordance with the Terms of Reference, duly approved by the Board.

v. Stakeholders Relationship Committee

The composition of the Stakeholders Relationship Committee (SRC) will be in line with the requirements under Section 178 of the Act.

The SRC will be vested with necessary powers to discharge its fiduciary duties, as set out in its Terms of Reference duly approved by the Board and any other matter, as may be delegated to it, by the Board, from time to time.

The Terms of Reference of SRC, will include amongst other things, resolving grievances of security holders of the Company, review of measures taken for effective voting rights of shareholders/ debenture-holders, etc. The Composition, quorum and meetings, roles & responsibilities will be in accordance with the Terms of Reference, duly approved by the Board.

vi. IT Strategy Committee

The constitution of the IT Strategy committee (ITSC) will be in line with the requirements of the RBI Directions and other applicable acts, if any. The ITSC will be vested with necessary powers and function as per the Charter/Terms of Reference approved by the Board and any such duties as may be delegated to it from time to time. The Terms of Reference will include amongst other things Information Technology related matters, IT Security, IT Services Outsourcing, IT Governance, etc.

The Composition, quorum and meetings, roles & responsibilities will be in accordance with its Terms of Reference, duly approved by the Board.

Sub-Committee of IT Strategy Committee:

a) IT Steering Committee

IT Steering Committee will oversee all IT related matters, deliberate upon and approve the key IT Initiatives and projects. It will review entity wide IT profile, technology risk and control issues. The Committee has responsibilities and powers as specified in its Terms of Reference.

b) Information Security Committee

The Information Security Committee will be responsible for creating and reviewing cybersecurity policies, overseeing security projects, and addressing security incidents. It will update the IT Strategy Committee & CEO on its activities and will monitor compliance with security policies. The Committee has responsibilities and powers as specified in its **Term of Reference**.

vii. Wilful Defaulters Review Committee

The Wilful Defaulters Review Committee (WDRC) of the Board has been constituted as per the requirements of the Reserve Bank of India (Non- Banking Financial Companies- Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025. WDRC will be vested with the necessary powers to discharge its fiduciary duties, as set out in its Terms of Reference duly approved by the Board and any other matter, as may be delegated to it, by the Board, from time to time.

The Composition, quorum and meetings, roles & responsibilities will be in accordance with its Terms of Reference, duly approved by the Board.

Sub-Committee of Wilful Defaulters Review Committee:

a) Wilful Defaulter Identification Committee

The Wilful Defaulters Identification Committee will be responsible for identifying and classifying borrowers as 'Wilful Defaulters', issuing show cause notices, and proposing classifications to the Wilful Defaulters Review Committee. It operates under the guidelines set by the RBI Master Direction on Treatment of Wilful Defaulters and Large Defaulters. The Committee has responsibilities and powers as specified in its **Term of Reference**.

Other Management Committees

i) Credit Committee

The Credit Committee includes representatives from Risk, Business, Credit, and Collateral Management. This aligns with regulatory guidelines requiring the Credit Committee decisions for higher exposures and ensuring thorough due diligence. The Terms of Reference of Credit Committee outlines the Committee's formation and associated processes. The Committee has responsibilities and powers as specified in its **Term of Reference**.

IV. BOARD APPROVED POLICIES

The Policies set out in Annexure A form an integral part of this Corporate Governance Policy. The Board shall review each policy at the intervals and in the manner specified therein, and in accordance with applicable legal and regulatory requirements.

V. KEY MANAGERIAL PERSONNEL

Except for directorship in a subsidiary, Key Managerial Personnel as defined under the Act shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. It is clarified that they can assume directorship in NBFC-BL.

VI. POLICY REVIEW

This Policy is framed in accordance with the RBI Directions, the Listing Regulations, the Act and rules thereunder. In case of any subsequent changes in the said provisions or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board atleast once in a year and shall be amended as and when any changes are to be incorporated in the Policy due to changes in applicable law /regulations or as may be felt appropriate.

This Policy or its abridged form will be available on the website of the Company.

Annexure A

List of Board Approved Policies forming part of Corporate Governance Policy*

I. Policy for appointment of Statutory Auditor
II. Policy on Related Party Transactions
III. Dividend Distribution Policy
IV. Policy on Board Diversity
V. Policy on Preservation and Archival of Documents
VI. Compliance Policy
VII. Whistle Blower Policy
VIII. Anti – Bribery and Anti- Corruption Policy
IX. Fair Practice Code
X. Code of Conduct**:**
    i. Direct Selling Agents
    ii. Collection / Recovery Agents
    iii. Directors, senior management, key managerial personnel and employees
    iv. Regulate, monitor and report trading in securities of the Company by designated persons and their immediate relatives
    v. Practices and procedures for fair disclosure of UPSI of the Company
XI. Policy on Prevention of Sexual Harassment at Workplace (Prevention, Prohibition and Redressal)
XII. Policy on Appointment, Remuneration and Succession Planning of Directors & LTs:
    a. "Fit & Proper" Criteria for Directors
    b. Remuneration Policy for Directors, KMPs and all Other Employees of the Company
    c. Succession Planning Policy for Directors and Senior Management including appointment of Company Secretary
    d. Appointment of CRO, CCO, HIA
XIII. Corporate Social Responsibility Policy
XIV. Terms of Reference of Board Committees

**As on May 2026.*