

Internal Guidelines on Corporate Governance

Company's Philosophy on Corporate Governance

Reliance Strategic Investments Limited ("RSIL" or "the Company") recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business conduct accountability to its customers, government and other stakeholders. It endeavours to ensure that operations and business are carried out in accordance with good and ethical principles and practices of corporate conduct. Towards this end, the Company has articulated and adopted this set of internal guidelines in alignment with the Reserve Bank of India ("RBI") guidelines. The Company is constantly striving to adhere to the highest standards of corporate governance.

1. Objective

Being a regulated entity in the non-banking financial sector, establishing and adopting minimum standards of corporate governance has implications not only from the prospective adhering to regulatory prescriptions but also from the reputational stand point. Accordingly, these internal guidelines seek to codify and explicitly affirm RSIL's commitment and resolve to adhere to the highest standards of corporate governance. Additionally, it also seeks to achieve the following specific objectives:

- a. Complex business and operating environment mandates the adoption of good corporate governance practices in alignment with regulatory benchmarks;
- b. Define a governance architecture with clear form and accountability of functionaries at the highest level to enhance stakeholder confidence in the company and the manner in which it conducts its affairs;
- c. Establish oversight over the system of controls, compliance and risk management in the company;
- d. Adopt best practices.

2. RBI Guidelines on Corporate Governance

In order to enable Non-Banking Financial Companies ("NBFCs") to adopt best practices and greater transparency in their operations, RBI has issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, the Board of Directors of the Company has adopted the Internal Guidelines on Corporate Governance ("the Guidelines") at its meeting held on January 15, 2015.

The Board of Directors of the Company at its meeting held on January 16, 2018 has reviewed and revised the Guidelines in accordance with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,

2016. The Guidelines were revised by the Board at its meeting held on July 20, 2021. On October 22, 2021, the RBI notified Scale Based Regulatory (“SBR”) framework for NBFCs which would become applicable to RSIL in accordance with the stipulated roadmap with effect from October 1, 2022. The regulatory prescriptions contained in this revised framework are now made part of these guidelines to the extent they are applicable.

Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overriding effect on the parameter(s).

3. Board of Directors

The Board of Directors 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 role of the Board is to determine the overall strategic direction and management of the Company, including monitoring its performance. The Board is responsible to the shareholders and its conduct is regulated by various provisions of the laws and the Articles of Association of the Company. In performing its duties, the Board meets regularly and acts in the best interests of the Company including its shareholders, customers and creditors.

The Board’s primary responsibility is on the direction, control and governance of the Company and in particular, to articulate and commit to a corporate philosophy and governance that will shape the level of risk adoption, standards of business conduct and ethical behavior on the part of the Company and its functionaries.

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 non-compliance.

The Board shall delineate the role of various committees (Audit Committee, Nomination and Remuneration Committee, Risk Management Committee or any other Committee) and lay down a calendar of reviews. The Board will lay out and oversee a whistle blower mechanism for directors and employees to report genuine concerns. The Board shall ensure good corporate governance practices in the subsidiaries of the NBFC.

4. Composition of Board:

- 4.1. As a public company, RSIL shall have a minimum of three directors, with at least one woman director.

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4.2. RSIL shall have at least one director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year.

4.3. While appointing directors, the Company shall ensure that the procedures prescribed by the RBI are followed and minimum 'fit and proper' criteria fulfilled by the persons before they are appointed on the Board. Considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.

4.4. RSIL shall have at least one-third of the total number of directors as Independent Directors. Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time. The Board of RSIL will ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. This restriction shall not apply for directorships on the Boards of NBFC-Base Layer, subject to applicable provisions of Companies Act, 2013.

5. Board Meetings

Meetings of the Board of Directors shall be held at least four times a year, with a minimum one meeting in a quarter.

The minimum information to be statutorily made available to the Board shall be furnished to the Directors. The Board shall constitute a set of Committees with specific terms of reference / scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees shall operate as empowered agents of the Board as per their terms of reference. The minutes of the meetings of all Committees of the Board shall be placed before the Board for discussions / noting.

6. Committees of the Board of Directors

The Board has constituted several committees to deal with specific matters and delegated powers for different functional areas. The Audit Committee, Asset Liability Management Committee, Nomination and Remuneration Committee Risk Management Committee and Information Technology Strategy Committee have been constituted in accordance with the provisions of the Companies Act, 1956 and / or the Companies Act, 2013 and / or the Guidelines issued by the Reserve Bank of India from time to time. The terms of references and functioning of all committees shall be decided by the Board in accordance with the provisions of Companies Act, 1956, Companies Act, 2013 and Guidelines issued by the Reserve Bank of India.

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In addition to the aforesaid Committees, the Company has constituted the Investment and Lending Committee comprising of two directors, Chief Financial Officer and Principal Officer.

7. Chief Risk Officer

The Company shall appoint a Chief Risk Officer ("CRO") if its asset size is Rs. 5000 crores or above. The CRO shall be a senior official and shall possess adequate professional qualification/ experience in the area of risk management. The CRO shall be involved in the process of identification, measurement and mitigation of risks. The Appointment/Removal of CRO shall be approved by the Board of Directors of the Company.

8. Disclosure and transparency

8.1. The following information will be provided to the Board of Directors on quarterly basis:

- Progress made in putting in place a progressive risk management system, and risk management policy and strategy followed.
- Conformity with corporate governance standards viz; in composition of various committees, their role and functions, periodicity of the meetings and compliance.
- Updates of the various committees meetings from time to time.

8.2. The following information shall be disclosed by RSIL in its Annual Report:

- Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- Ratings assigned by credit rating agencies and migration of ratings during the year;
- Penalties, if any, levied by any regulator;
- Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries;
- Corporate governance section including Composition of the Board, breach of covenant, divergence in asset classification and provisioning.
- 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 given in RBI Master Direction and Scale Based Regulation.
- Disclosures in the financial statements shall be in accordance with RBI Master Direction, Scale Based Regulation, applicable accounting standards, laws, and regulations.

9. Policies adopted by the Company

The following policies have been framed and adopted by the Company, viz.

- Fair Practices Code;
- Anti Money Laundering / Combatting the Financing of Terrorism / Know Your Customer Policy;
- Asset Liability Management Policy;
- Derivative Policy;
- Investment Policy;
- Interest rate Policy;
- Loan Policy;
- Concentration of credit and investment Policy;
- Policy for ascertaining fit and proper criteria for directors;
- Policy on dealing with related party transactions;
- Outsourcing Policy;
- Business Continuity Planning Policy;
- Change Management Policy;
- Cyber Security Policy;
- Information Security Policy;
- Information Systems Audit Framework;
- Information Technology Strategy Policy;
- Liquidity Risk Management Framework ;
- Expected Credit Loss Policy;
- Policy on appointment of Statutory Auditors;
- Dividend Policy ; and
- Vigil Mechanism and Whistle Blower Policy.

The above policies may be reviewed from time to time.

10.Appointment of Statutory Auditors

The Company shall appoint Statutory Auditors as per the provisions of the Companies Act, 2013 and The Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs dated April 27, 2021, as applicable. (RBI Guidelines) and Policy on appointment of Statutory Auditors of the Company. The Statutory Auditors shall be appointed for a period of three continuous years subject to the audit firm satisfying the prescribed eligibility norms under RBI Guidelines every year. The performance of the auditors will be reviewed every year. The Company will accordingly adopt and place in public domain its policy on appointment of statutory auditors in alignment with regulatory prescriptions.

11. Interaction with the Regulator

The Company shall maintain good working relationship with its regulators and with other external bodies and authorities. It is also part of the role and objectives of the Compliance function to foster good relations with regulators and to work proactively with the Regulator.

The Board shall review its functioning and effectiveness periodically.

(This Policy was approved by the Board of Directors at its meeting held on January 15, 2015)

(This Policy was revised by the Board of Directors at its meeting held on July 19, 2022 to be effective from July 19, 2022)