APAC FINANCIAL SERVICES PRIVATE LIMITED
("APAC" or "the Company")

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

Review Calendar:

Scheduled Board review in May of each year, unless, in the opinion of the Managing Director or the policy owner, an earlier review of the policy is required.

Approval Month: November, 2026

Owner: Company Secretary & Compliance Officer

Owner:			
Name	**Designation**	**Date**	**Signature**
Akhil Parikh	Company Secretary & Compliance Officer		

Reviewer:			
Name	**Designation**	**Date**	**Signature**
K Selvaraj	Chief Compliance Officer and General Counsel		
Vivekanand R	Chief Financial Officer		
Sanjay Sharma	Chief Administrative and Governance Officer		
Nikhil Bandi	Chief Technology Digital and Operations Officer		

Approved by the Board of Directors on November 04, 2026			
Name	**Designation**	**Date**	**Signature**
Gunit Chadha	Managing Director		
Sankar Sastri	Executive Director and CEO		

1. PREAMBLE

The Reserve Bank of India **("RBI")** on November 28, 2025, issued Directions on Governance – Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 (**" Master Directions"**) a. The Non-Deposit accepting NBFCs are required to frame "Internal guidelines on Corporate Governance", as per the Master Directions, as amended from time to time.

2. PHILOSOPHY

APAC Financial Services Private Limited (**"APAC" or "the Company"**) believes in maintaining high standards of corporate governance which is key to ensure its long-term success and is committed to protecting the interests of its stakeholders. The Company aims at achieving not only the highest possible standards of legal and regulatory compliance, but also effective management through suitable policies/guidelines and procedures conforming to the applicable laws.

3. BOARD OF DIRECTORS

3.1. Composition

The Board shall have a minimum of three directors and a maximum of fifteen directors, or such other limit as may be prescribed under the applicable provisions of the Companies Act, 2013 ("**the Act**") and 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. In the case of an independent director, eligibility shall be in line with the requirements prescribed under the Companies Act, 2013 and the RBI Master Directions. Further, within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time.

3.2. Meetings

Meetings of the Board of Directors shall be held a minimum of four times a year in such a manner that not more than one hundred and twenty days shall lapse between two consecutive meetings of the Board. The Company shall observe secretarial standards with respect to General/Board Meetings and Committee Meetings specified by the Companies Act 2013 and Institute of Company Secretaries of India.

3.3. Appointment, Disclosures and Duties

(a) Director(s) shall be appointed as per the applicable provisions of the Companies Act 2013, RBI Master Directions and any other applicable laws/regulations

(b) A person proposed to be appointed as a Director shall be assessed on 'Fit and Proper' Criteria in compliance with the RBI Master Directions. The person considered to be appointed as a Director should also possess relevant expertise which will help the person to act objectively and constructively;

(c) The Director shall execute a Deed of Covenant with the Company as per the format prescribed under the 'Fit and Proper' Criteria for Directors formulated in compliance with the Directions;

(d) The Company shall upon the appointment of an Independent Director, issue a formal letter of appointment outlining his/her terms of appointment, role, responsibilities, duties, etc.;

(e) The appointment or re-appointment, if any, of a Director shall be reviewed by the Nomination and Remuneration Committee and recommended to the Board for approval;

(f) The Independent Directors shall be paid sitting fees and other expenses incurred for attending the Board/ Committee Meetings; and

(g) The day-to-day operations of the Company will be looked after by the Managing Director under the overall superintendence, guidance, and control of the Board. He will be assisted by Senior Management with well-defined responsibilities.

4. COMMITTEES

The Board shall have various Board level committees to deal with specific matters for different functional areas including the Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, IT Strategy Committee and Wilful Defaulter Review Committee. Additionally the Board has also constituted various management level committees viz Material Outsourcing Committee, Material IT Outsourcing Committee Asset Liability Management and Resource Planning Committee, IT Steering Committee, Information Security Committee, Committee on Classification of Fraud, Committee of Executive Monitoring of Fraud, Identification Committee of Wilful Defaulter, APAC Credit Committee, Operational Risk Management Committee etc, in accordance with the provision of the Companies Act, 2013, RBI Master Directions and other applicable laws/regulations . The composition, terms of reference and functioning of the Committees shall be decided by the Board of Directors in accordance with the provisions of the applicable laws. The minutes of the Board level Committee(s) will be placed before the Board for noting.

The Terms of Board Level Committees are given below:

4.1. Risk Management Committee

The Risk Management Committee shall be constituted as required in the RBI Directions. The Risk Management Committee shall meet at least once in every quarter during each financial year.

The terms of reference of the Risk Management Committee are as under:

a) To review and recommend to the Board amendments in the Risk Management policy, Credit Risk Policy, the Asset Liability Management & Resource Planning Policy, Compromise Settlement & Technical Write off Policy, Product Programs, Collateral Verification Policy, Policy on Wilful Defaulter, Fraud Risk Management Policy, Interest Rate Policy, Internal Capital Adequacy Assessment Policy, Operational Risk Management Policy, Securitisation of Standard Assets Policy, Transfer of Loan Exposures Policy, Collection Policy, Managing Risks and Code of Conduct in Outsourcing, Foreign Exchange Management Policy, Material IT Outsourcing Policy, Policy on Transfer of Stressed Assets etc;
b) To review various risks as stipulated in the Risk Management Policy and recommend corrective actions including changes in policy, products, etc;
c) To periodically review the portfolio and the stressed accounts and thereby suggest corrective actions as required;
d) To review stress testing scenarios and recommend corrective actions as required;
e) To consider and recommend the appointment, and remuneration of the Chief Risk Officer;
f) To work in close coordination with the Nomination and Remuneration Committee (NRC) of the Company to achieve effective alignment between compensation and risks;
g) To review grant of credit facilities to Related Parties and Specified Employees of the Company;
h) To conduct one-on-one meetings with the Chief Risk Officer;
i) To note the minutes of various committees i.e. APAC Credit Committee, Asset Liability Management and Resource Planning Committee, Operational Risk Management Committee, Committee of Executive Monitoring Fraud, Material IT Outsourcing Committee, Information Security Committee and Material Outsourcing Committee;
j) To review cyber security risks/arrangements/preparedness of the Company at least on a quarterly basis;

k) To review and take note of Audit Report under IRDAI Information and Cyber Security Guidelines
l) To annually review IT related risks, including the cyber security related risks in consultation with the IT Strategy Committee; To perform any other functions or duties as stipulated by the Companies Act 2013, Reserve Bank of India, and any other regulatory authority or under any applicable laws as may be prescribed from time to time
m) To Approve cybersecurity exceptions exceeding three months;
n) To Review the status of cybersecurity non-conformities reported by the Information Security Risk Management Committee (Information Security Committee); and
o) To review the Presentation on Cyber Security

4.2. Audit Committee

The Audit Committee shall be constituted as per the provisions of the Companies Act 2013 and as per the RBI Master Directions. The Audit Committee shall meet at least once in every quarter during each financial year. The terms of reference of the Audit Committee are as under:

(a) To recommend to the Board for approval of Policy for appointment of the Statutory Auditor, Related Party Transaction Policy, Compliance Policy, Whistle Blower Policy, Internal Audit Policy, Fixed Asset Policy, Credit Loss Provisioning Policy, Policy on Know Your Customer and Anti Money Laundering Measures, Information System Audit Policy, and Investment Policy;
(b) To recommend for appointment and terms of appointment of the Statutory Auditor of the Company;
(c) To recommend to the Board regarding the appointment, and terms of appointment of the Secretarial Auditor of the Company;
(d) To approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
(e) To review and monitor the Statutory Auditor's independence, annual performance, and effectiveness of the audit process;
(f) To review the financial statement and the Statutory Auditors' report thereon;
(g) To grant omnibus approval to related party transactions which are in the ordinary course of business and on an arm's length basis, and approve any subsequent modification of transactions of the Company with related parties;
(h) To take note of disclosure of related party transactions and review deviation to the Policy on any transaction with the related party;
(i) To review inter-corporate loans and investments;
(j) To note valuation of undertakings or assets of the Company, wherever it is necessary;
(k) To evaluate internal financial controls and risk management systems;
(l) To review changes in significant accounting policies of the Company;
(m) To review matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
(n) To review fraud and wilful default cases;
(o) To recommend appointment and remuneration of the Internal Audit Head;
(p) To verify fit and proper criteria and recommend appointment/re-appointment, remuneration and performance appraisal of the Chief Compliance Officer to the Board;
(q) To review internal audit presentation and KYC Audit Reports
(r) To review and approve the Internal Audit Plan and amendments thereto;
(s) To review Breaches in terms of covenants in respect of loans availed or debt securities issued including incidence/s of default;
(t) To review divergence in asset classification and provision above a certain threshold as may be prescribed by the RBI;
(u) To establish a vigil mechanism for the Directors and the Employees to report genuine concerns;
(v) To review the compliance testing presentation, and approve annual testing plan;

(w) To recommend to the Board amendments to the Compliance Risk Management Framework, and review Compliance Risk Assessment and changes in the risk profile;
(x) To review the IS Audit Report under RBI Regulations and Audit Report under IRDAI Information and Cyber Security Guidelines and the Secretarial Audit report;
(y) To hold Quarterly one on one meeting with the Chief Compliance Officer;
(z) To hold Quarterly one on one meeting with the Head of Internal Audit; and
(aa) To perform any other functions or duties as stipulated in the Companies Act 2013, the RBI Master Directions, and by any regulatory authority or under any applicable laws as may be prescribed from time to time.

4.3. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall be constituted as per the provisions of the Companies Act 2013 and as per the RBI Master Directions. The committee shall meet at such intervals as required.

The terms of reference of the Nomination and Remuneration Committee are as under:

(a) To recommend to the Board appointment/reappointment of the Directors;
(b) To validate 'fit and proper' status of all the Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
(c) To identify persons who are qualified to become the Director, and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
(d) To recommend to the Board amendments to the Policy on Selection and Fit and Proper Criteria of Directors and Senior Management, the Human Resource Policy, the Equal Opportunity Policy, the Business Ethics Policy, the Policy on Health and Safety of Employees, the POSH Policy, the Code of Ethics and Business Conduct Policy and the Compensation Policy etc;
(e) To recommend to the Board appointment/re-appointment, remuneration and performance appraisal of the Key Managerial Personnel and the Senior Management Personnel of the Company;
(f) To recommend to the Board the criteria for performance evaluation of the Directors and undertake performance evaluation;
(g) To consider grant of Stock Options to employees and administer and supervise the Employee Stock Option Plans;
(h) To work in close coordination with the Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks;
(i) To obtain and scrutinize necessary information and declaration from the proposed / existing directors in the format prescribed by RBI;
(j) To recommend to the Board appointment of related party to any office or place of profit in the Company; and
(k) To perform any other functions or duties as stipulated by the Companies Act 2013, Reserve Bank of India, and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

4.4. Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility shall be constituted as per the provisions of the Companies Act 2013 and shall decide and oversee the corporate social responsibility activities of the Company.

The Committee shall atleast meet annually.

The terms of reference of the Corporate Social Responsibility Committee are as under:

a) To review the Corporate Social Responsibility policy and the ESG Policy;
b) To identify, segment and recommend the CSR projects/programs/activities to the Board of Directors;
c) To recommend expenditure to be incurred on the activities as identified for CSR by the Company;
d) To review the parameters set out in the ESG Policy;
e) To oversee the implementation of Corporate Social Responsibility projects / programs / activities;
f) To review the annual budgets/expenditure with respect to Corporate Social Responsibility programs;
g) To work with the management to establish and develop the Company's strategic framework and objectives with respect to Corporate Social Responsibility matters;
h) To review the CSR Initiatives and Programs/projects/activities undertaken during the year;
i) To review the Company's disclosure relating to Corporate Social Responsibility matters in accordance with the requirements of the regulatory provisions;
j) To obtain legal or other independent professional advice/assistance as needed for CSR;
k) To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the Committee; and
l) To perform any other functions or duties as stipulated by the Companies Act, 2013 and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

4.5. IT Strategy committee

The IT Strategy Committee shall be constituted as per the provisions of Reserve Bank of India (Non-Banking Financial Companies – Cybersecurity, Technology: Risk, Resilience and Assurance Framework) Directions, 2026. The IT Strategy Committee shall meet at least once in every quarter during each financial year

The terms of reference for the IT Strategy Committee are as under:

a) To recommend to the Board reconstitution of IT Steering Committee, and Information Security Committee;
b) To note minutes of the IT Steering Committee and the Information Security Committee;
c) To annually review IT related risks, including the Cyber Security related risks in consultation with the Risk Management Committee;
d) To communicate Cyber Incident Response and Recovery Management to the Committee;
e) To review cyber security risks/ arrangements/ preparedness on a quarterly basis;
f) To ensure the Company has put an effective IT strategic planning process in place;
g) To guide the management in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
h) To satisfy itself that IT Governance and the Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
i) To ensure the Company has put in place processes for assessing and managing IT and cybersecurity risks;
j) To ensure the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilized in a manner intended for meeting the stated objectives;
k) To review, at least on an annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company;
l) To recommend to the Board amendments in Information Security and Information Technology

Policy, Information and Cyber Security Policy, Business Continuity Plan Policy, Change Management Policy, Cyber Crisis Management Policy, Information System Audit Policy, Business Continuity Management Policy, Material IT Outsourcing Policy, Data Migration Policy, Risk Management Methodology, Patch Management Policy, Privacy Policy, Technical Vulnerability Management Policy, Cloud Security Policy, Access Control Policy etc;

m) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory, or regulatory notification, amendment or modification, as may be applicable;and
n) To review and take note of IS Audit Report

4.6. Wilful Defaulter Review Committee

The Wilful Defaulter Review Committee shall be constituted as per the provisions of the Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025. The committee shall meet at such intervals as required.

The terms of reference of the Wilful Defaulter Review Committee are as under:

a) To consider proposal of the Wilful Defaulter Identification Committee along with the written representation received from the borrower/the guarantor etc;
b) To provide an opportunity for a personal hearing to the borrower/ guarantor of APAC. However, if the opportunity is not availed or if the personal hearing is not attended by the borrower/ guarantor of APAC, then the Committee shall, after assessing the facts or material on record, including written representation, consider the proposal of the Identification Committee and take a decision;
c) To pass a reasoned order and the same shall be communicated to the borrower by authorized senior official of the Company and
d) To note minutes of Wilful Defaulter Identification Committee

5. CHIEF RISK OFFICER

The Company shall appoint Chief Risk Officer (CRO), who shall be a member of Senior Management and possesses adequate qualifications and experience in risk management.

6. CHIEF COMPLIANCE OFFICER

The Company shall appoint a Chief Compliance Officer (CCO) to ensure an effective compliance culture. The CCO shall be a senior executive of the Company and shall act in accordance with the roles and responsibilities of the Chief Compliance Officer (CCO) as specified in the Compliance Policy and the applicable RBI Master Directions.

7. POLICIES FORMULATED BY THE COMPANY

Various policies have been formulated by the Company in compliance with the provisions of the Companies Act, 2013 and other applicable laws and regulations and as a matter of good corporate governance Practices.

The policies adopted may be reviewed by the Committee/Board from time to time.

8. STATUTORY AUDITOR

The Board and the Audit Committee of the Company shall be responsible for appointing the Statutory Auditor. The Company shall review the independence and performance of the Statutory Auditor and the effectiveness of the audit process periodically. The declaration shall be obtained from the Auditor affirming their eligibility for being appointed as the Statutory Auditor of the Company.

Note: The requirement for the appointment of a Statutory Auditor may be read with the provisions contained in the Reserve Bank of India (Non-Banking Financial Companies - Statutory Audit) Directions, 2026., as amended from time to time.

9. INTERNAL AUDITOR

The Board / the Audit Committee of the Company shall appoint the Internal Auditor in accordance with the provisions of applicable laws and regulations who shall perform an independent and objective assessment of the internal controls, processes and procedures instituted by the Management and accordingly monitor its adequacy and effectiveness. The Internal Auditor shall be assisted by a team as appropriate for the Company's size and extent of operations. The Internal Auditor may also seek the help of external parties as may be necessary.

10. SECRETARIAL AUDITOR

The Company shall appoint an Independent Company Secretary in Practice, in accordance with the provisions of the Companies Act, 2013 and rules made thereunder to conduct a Secretarial Audit of the Company for every financial year. The Secretarial Auditor shall provide a report in the form and the manner prescribed under the applicable laws/regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same shall be annexed to the Board's Report which shall be circulated to the Shareholders of the Company in accordance with the applicable laws/regulations.

11. DISCLOSURES

The Company is committed to provide adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Company shall ensure and make necessary disclosures to the Board, the Regulator(s)/ Statutory Authorities, the Shareholders etc. as may be required by the applicable laws and the codes/ Policies of the Company. The Board of Directors of the Company or such other person authorized by the Board or any law / Regulation shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory/ Statutory Authorities or such other persons as may be required under applicable laws/regulations.

12. COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.

13. REVIEW

The Board of Directors of the Company reserves the right to add, amend, modify these guidelines, as and when it deems appropriate.