

CORPORATE GOVERNANCE GUIDELINES – UBS FINANCE INDIA PRIVATE LIMITED

These guidelines on corporate governance applies to UBS Finance India Private Limited (“**UBS Finance**” or the “**Company**”) and is formulated to comply with the Reserve Bank of India (RBI) Master Direction dated September 01, 2016 (reference number DNBR. PD. 008/03.10.119/2016-17) as updated from time to time, RBI Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017 (reference number DNBS.PPD.No.04/66.15.001/2016-17) as updated from time to time and RBI Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 (reference number RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22) as updated from time to time.

BOARD OF DIRECTORS

The Board of Directors of UBS Finance are entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do. The Board shall be subjected to the provisions contained in that behalf in Companies Act, 2013 (the “Act” which term shall deem to include rules, regulations, notifications, circular, orders, etc. issued thereunder from time to time) or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting.

<p>Mandates and Responsibilities</p>	<p>The Board or its appointed Committee or an Authorized Person shall consider and approve as appropriate, inter alia, the following matters in relation to the Company:</p> <ul style="list-style-type: none"> • making calls on shareholders in respect of money unpaid on their shares; • authorization to buy-back of securities; • issuance of securities including debentures, whether in or outside India; • borrowing or the raising of funds in any other manners; • investment to be made by the Company; • granting of loans or guarantees or the provision of security in respect of loans; • approving the financial statement of the Company and the Board's report; • diversification of the business of the Company; • amalgamation, merger or reconstruction of the Company; • acquisition by the Company of another company or the controlling or substantial stake thereof; • review and monitor the performance of Board, its Committees and individual directors, as applicable • any matters as prescribed by the shareholders of the Company or the Board (as the case may be) from time to time; and • any matters requiring the approval of the Board under applicable laws or regulations. <p>It is the responsibility of each board member to ensure the following:</p> <ul style="list-style-type: none"> • Act in accordance with the articles of the Company. • 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, the community and the environment. • Exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment. • Not involve in a situation in which he/she may have a direct or indirect interest that conflicts, or may possibly conflict, with the interest of the Company. • Not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners, or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the Company. • Not assign his/her office and any assignment so made shall be void.
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Standard Agenda Items of board meeting	<ul style="list-style-type: none"> • Review minutes of prior Board and Committee meeting(s) • Noting of resolutions passed through circulation since last board meeting • Business update • Financial update • CRCO update • FCC update • Treasury, legal and regulatory update • Taking on record the quarterly Certificate of Compliance pursuant to Fair Practice Code of the Company, • Taking on record Concurrent Audit reports, Corporate Governance reports • Approval of annual audited accounts (once a year) • Discussion of emerging issues that could affect the business of the entity • Approval of authorised signatories for business • Evaluation of performance of Board, its committee and individual directors, as applicable
Membership	<p>Chairperson of the board meeting: CEO of the Company or any Director as unanimously elected at the meeting</p> <p>Secretary: Company Secretary</p> <p>Board Members:</p> <ul style="list-style-type: none"> ▪ Asia Pacific Strategic Products (ASP) India ▪ PB COO ▪ ASP Control and Regulatory COO
Meeting	<p>Frequency: The company shall hold at least four Meetings of its board in each year with a maximum interval of 120 days between any two consecutive meetings.</p> <p>Duration: Approximately 45 mins – 1 hour.</p> <p>Format: The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be permitted under the Act, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time or through any other medium as may be permitted under the Act from time to time.</p> <p>Quorum: One-third of the total strength of the Board, or 2 Directors, whichever is higher.</p> <p>Notice: Shall be given at least seven days before the date of the Meeting but a meeting of Directors may be called to transact urgent business any time even though the aforesaid notice requirement has not been fulfilled provided that all the Directors entitled to vote at the meeting consent to short notice of the meeting.</p> <p>Materials: The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the Directors at least seven days before the date of the Meeting unless the meeting is convened at shorter notice to enable sufficient time for review of the contents.</p> <p>Minutes: Within fifteen days from the date of the conclusion of the Meeting of the Board, the draft Minutes thereof shall be circulated to all the members of the Board, as on the date of the Meeting, for their comments.</p>
Decision Making	<p>Matters required to be voted upon shall be determined by a majority of votes. In the case of equality of votes, the Chairperson shall have a second or casting vote.</p>

FIT AND PROPER CRITERIA FOR DIRECTORS

The Board should ensure that any person to be appointed or reappointed as Director of the Company meets the “fit and proper” criteria set out in these guidelines and other applicable notifications, circulars, guidelines etc. issued from time to time by the RBI.

Guidelines	<ul style="list-style-type: none"> • At the time of appointment or renewal of appointment of any Director of the Company, the Board should ensure that a process of due diligence is undertaken to determine the suitability of the person for appointment/continuing to hold appointment as a Director of the Company, based upon qualification, expertise, track record, integrity and other “fit and proper” criteria as the Board and/or the Nomination Committee may deem appropriate from time to time. • The Board should obtain necessary information and declaration from the proposed/existing Director in the format prescribed by the RBI from time to time. • The Nomination Committee should scrutinize the “declaration and undertaking” given by the proposed/existing Director decide on the acceptance of such person as Director of the Company or otherwise and make recommendation to the Board accordingly. • The Board should obtain annually on 31st March a declaration from the Directors of the Company that the information already provided by them has not undergone change and where there is any change, requisite details are furnished by them forthwith. • The Board should ensure that the nominated/elected Directors execute deeds of covenants in the format prescribed by the RBI from time to time.
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COMMITTEE(S) OF THE COMPANY

A. NOMINATION AND REMUNERATION COMMITTEE

Mandates and Responsibilities	<p>To ensure “fit and proper” status of proposed/existing directors. The scope of work of the Nomination Committee shall include but not limited to the following:</p> <ul style="list-style-type: none"> • To undertake a process of due diligence on an annual basis to determine the “fit and proper” status of existing Directors of the Company based on those criteria set out in these guidelines and any other applicable notifications, circulars, guidelines, etc. issued by RBI from time to time. • To undertake a process of due diligence to determine the ‘fit and proper’ status of any person proposed to be appointed as a Director of the Company based on those criteria set out in these guidelines and any other applicable notifications, circulars, guidelines etc. issued by the RBI from time to time. • To obtain and scrutinize the “declaration and undertaking” from any existing/proposed Director of the Company, decide on the acceptance of such person as Director or otherwise and make recommendation to the Board accordingly. • To ensure UBS Group Global Remuneration Framework and Policies are implemented in CSFI • To be updated on the decisions or changes made by the UBS Group Global Remuneration Committee or Framework • To deal with any other matters as may be required from time to time, under any statutory, contractual or regulatory requirements.
Standard Agenda Items	<ul style="list-style-type: none"> • To note minutes of previous Committee meeting;

	<ul style="list-style-type: none"> • To take on record change in composition or terms of reference of the Committee, if any, as approved by the Board of Directors; • To consider and review the Declaration and Undertaking relating to 'fit and proper' status pursuant RBI Notification No. DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016, and declarations under the Companies Act, 2013 received from proposed board member and decide on the acceptance of such person as Director or otherwise and make recommendation to the Board accordingly; • To review and take on record the Annual Declaration and Undertaking pursuant RBI Notification No. NBR.PD.008/03.10.119/2016-17 dated September 1, 2016, and annual declarations pursuant to Companies Act, 2013 received from the existing directors of the Company; • To note updates made by the UBS Group Global Remuneration Committee or Framework (if any) and • Carrying out any other function as the may be required under applicable laws to be undertaken Committee from time to time and such other functions as may be delegated to the committee by the Board, from time to time or such other functions as the committee may deem appropriate from time to time.
Membership	<p>Minimum of 2 members of its Board of Directors</p> <p>Chairperson: Any Committee member as agreed unanimously at each Committee meeting</p> <p>Secretary: Company Secretary</p>
Meeting	<p>Frequency: At least once in a financial year and whenever any person is proposed to be appointed as a Director. Further it shall meet as and when it deems necessary.</p> <p>Duration: Approximately 15-30 mins.</p> <p>Format: the participation of members may be either in person or through video conferencing or other audio visual means, as may be permitted under the Act, which are capable of recording and recognizing the participation of the members</p> <p>Quorum: 1/3rd of the total strength of the Committee, or two members, whichever is higher.</p> <p>Notice: Shall be given at least seven days before the date of the Meeting but a meeting may be called to transact urgent business any time even though the aforesaid notice requirement has not been fulfilled provided that all the members consent to short notice of the meeting.</p> <p>Materials: The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the member at least seven days before the date of the Meeting unless the meeting is convened at shorter notice to enable sufficient time for review of the contents.</p> <p>Minutes: Within fifteen days from the date of the conclusion of the Meeting, the draft Minutes thereof shall be circulated to all the members of the Committee, as on the date of the Meeting, for their comments.</p>
Decision Making	Matters required to be voted upon shall be determined by a majority of votes. In the case of equality of votes, the Chairperson shall have a second or casting vote.
Escalation	Where significant incidents or matters concerning the Company are worthy of escalation, the Chairperson shall cause such to be escalated at the Board meeting.

B. AUDIT COMMITTEE

Mandates and Responsibilities	<p>The scope of work of the Audit Committee shall include but not limited to the following:</p> <ul style="list-style-type: none"> • To oversee the Company's financial reporting process and disclosure of its financial information; • To recommend to the Board the appointment of new statutory auditor or re-appointment of the existing statutory auditor and their fees;
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	<ul style="list-style-type: none"> • To review and monitor the auditor’s independence and performance and effectiveness of audit process • To approve or any subsequent modification of transactions of the Company with related parties, as applicable. • To scrutinize inter-corporate loans and investments, if any • To review the valuation of undertaking or assets of the Company, wherever it is necessary • To examine financial statements and the auditor’s report thereon • To evaluate internal financial controls and risk management systems • To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company. • To investigate into any matters in relation to the items specified herein or referred to it by the Board • To obtain professional advice from external sources and having full access to the information contained in the records of the Company • To ensure that information system audit of internal systems and processes is conducted on periodical basis (at least once in every two years) to assess operational risks faced by the Company. • Carrying out any other function as the may be required under applicable laws to be undertaken Committee from time to time and such other functions as may be delegated to the committee by the Board, from time to time or such other functions as the committee may deem appropriate from time to time.
Standard Agenda Items	<ul style="list-style-type: none"> • To note minutes of previous Committee meeting • To take on record change in composition or terms of reference of the Committee, if any, as approved by the Board of Directors. • To discuss with the Statutory Auditors their observations on the statutory audit conducted for the financial year end. • To consider, review and provide recommendation to the Board of Directors on the audited annual financial statements of the Company. • To review and take note of Frauds, if any, detected and reported during each quarter. • To review, note and ratify related party transactions entered by the Company in each quarter. • To review and take on record quarterly Concurrent Audit Report(s).
Membership	<p>Minimum of 3 members of its Board of Directors</p> <p>Chairperson: Any Committee member as agreed unanimously at each Committee meeting</p> <p>Secretary: Company Secretary</p>
Meeting	<p>Frequency: At least twice in a financial year and as and when it deems necessary.</p> <p>Duration: Approximately Approximately 15-30 mins.</p> <p>Format: the participation of members may be either in person or through video conferencing or other audio visual means, as may be permitted under the Act, which are capable of recording and recognizing the participation of the members.</p> <p>Quorum: 1/3rd of the total strength of the Committee, or two members, whichever is higher.</p> <p>Notice: Shall be given at least seven days before the date of the Meeting but a meeting may be called to transact urgent business any time even though the aforesaid notice requirement has not been fulfilled provided that all the members consent to short notice of the meeting.</p> <p>Materials: The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the member at least seven days before the date of the Meeting unless the meeting is convened at shorter notice to enable sufficient time for review of the contents.</p>

	Minutes: Within fifteen days from the date of the conclusion of the Meeting, the draft Minutes thereof shall be circulated to all the members of the Committee, as on the date of the Meeting, for their comments.
Decision Making	Matters required to be voted upon shall be determined by a majority of votes. In the case of equality of votes, the Chairperson shall have a second or casting vote.
Escalation	Where significant incidents or matters concerning the Company are worthy of escalation, the Chairperson shall cause such to be escalated at the Board meeting.

C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Mandates and Responsibilities	<p>The scope of work of the CSR shall include the following:</p> <ul style="list-style-type: none"> • To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act. • To recommend the amount of expenditure to be incurred on the CSR activities. • To ensure that appropriate measures are taken in relation to expenditure on CSR activities as mentioned in the CSR Policy. • To monitor the CSR Policy of the company from time to time. • The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy. • Carrying out any other function as the may be required under applicable laws to be undertaken Committee from time to time and such other functions as may be delegated to the committee by the Board, from time to time or such other functions as the committee may deem appropriate from time to time.
Standard Agenda Items	<ul style="list-style-type: none"> • To note minutes of previous Committee meeting • To take on record change in composition or terms of reference of the Committee, if any, as approved by the Board of Directors. • To formulate and recommend to the Board, a Corporate Social Responsibility Policy • To recommend the amount of expenditure to be incurred on the CSR activities. • To monitor the CSR Policy of the company from time to time. • To recommend to the Board, an annual action plan in pursuance of its CSR policy.
Membership	<p>Minimum of 2 members of its Board of Directors</p> <p>Chairperson: Any Committee member as agreed unanimously at each Committee meeting</p> <p>Secretary: Company Secretary</p>
Meeting	<p>Frequency: At least once in a financial year and as and when it deems necessary.</p> <p>Duration: Approximately Approximately 15-30 mins.</p> <p>Format: the participation of members may be either in person or through video conferencing or other audio visual means, as may be permitted under the Act, which are capable of recording and recognizing the participation of the members.</p> <p>Quorum: 1/3rd of the total strength of the Committee, or 2 members, whichever is higher.</p> <p>Notice: Shall be given at least seven days before the date of the Meeting but a meeting may be called to transact urgent business any time even though the aforesaid notice requirement has not been fulfilled provided that all the members consent to short notice of the meeting.</p> <p>Materials: The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the member at least seven days before the date of the Meeting unless the meeting is convened at shorter notice to enable sufficient time for review of the contents.</p>

	Minutes: Within fifteen days from the date of the conclusion of the Meeting, the draft Minutes thereof shall be circulated to all the members of the Committee, as on the date of the Meeting, for their comments.
Decision Making	Matters required to be voted upon shall be determined by a majority of votes. In the case of equality of votes, the Chairperson shall have a second or casting vote.
Escalation	Where significant incidents or matters concerning the Company are worthy of escalation, the Chairperson shall cause such to be escalated at the Board meeting.

D. ASSET-LIABILITY MANAGEMENT COMMITTEE (ALCO)

Mandates and Responsibilities	<p>Funding and Liquidity Risk Management</p> <ul style="list-style-type: none"> • Reviewing the Asset and Liability maturity profile and liability composition. • Discussing market outlook and the Interest rate environment. • Reviewing the funding strategy in light of any changes in the internal or external environment • Reviewing & approving Funds Transfer Pricing approach • Reviewing annual capital plan • Regulatory changes and impact on liquidity, funding and capital • Reviewing and approving the Contingency Funding Plan for CSFI • Utilization of liquidity gap limits • Any other matter concerning capital, funding and liquidity <p>Market Risk Management</p> <ul style="list-style-type: none"> • Reviewing the IR Sensitivity Report • Overseeing any other risk as applicable
Standard Agenda Items	<p>Funding and Liquidity Risk Management</p> <ul style="list-style-type: none"> • Reviewing the Asset and Liability maturity profile and liability composition. • Discussing market outlook and the Interest rate environment. • Reviewing the funding strategy in light of any changes in the internal or external environment • Reviewing & approving Funds Transfer Pricing approach • Reviewing annual capital plan • Regulatory changes and impact on liquidity, funding and capital • Reviewing and approving the Contingency Funding Plan for CSFI • Utilization of liquidity gap limits • Any other matter concerning capital, funding and liquidity <p>Market Risk Management</p> <ul style="list-style-type: none"> • Reviewing the IR Sensitivity Report • Overseeing any other risk as applicable
Membership	<p>Chair: CEO of the Company</p> <p>Members: CEO of the Company and Representatives of Treasury function, PB Business, Legal Entity Finance function, CRM function, CRCO function and IT function</p> <p>Invitees: Representative of Treasury function, Liquidity Risk function, India COO, India CRO, Legal Entity finance function, Market Risk function any other function as may be required</p> <p>There should be a representation from each of the departments. If absent, a delegate should be present in lieu. Attendees are responsible for providing updates for their division and checking the minutes.</p>
Meeting	<p>Frequency – At least quarterly</p> <p>Duration - As required</p> <p>Format – Meeting/Conf. Call</p> <p>Notice and Materials – To be sent a day prior by Treasury function</p> <p>Minutes – To be circulated within 4 weeks.</p>

Decision Making	If the decision does not reflect the shared view of all members, the minutes should articulate the nature of, and reasons for, any objections or concerns raised and should set out any further actions planned as a result of this.
Escalation	<ul style="list-style-type: none"> • Committee Chair in conjunction with the committee members will agree and decide on topics requiring escalation/notification to Board, Risk, Country Control, and Regional Committees. • Escalation to CSFI Risk Management Committee for risk related matters and to Country Control Committee for significant issues and outstanding actions, if any.

E. RISK MANAGEMENT COMMITTEE (RMC)

Mandates and Responsibilities	<ul style="list-style-type: none"> • To identify risk areas of the business and formulate risk management policy and strategies to mitigate those identified risks, etc. • To design risk management policies and MIS framework for integrated risk management in the Company. • To all other necessary acts, deeds, and things, as may be required in relation to risk management of the Company (including setting up of limits) and any other items as deemed appropriate by the Committee from time to time. • To monitor and analyses various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to Company's lending limits. • To ensure adherence to the various risk appetites. • To articulate current interest rate view of the Company and base its decisions on future business strategy on this view. • To report to the Board of Directors on the adequacy of the Company's systems and controls for managing risk, and for recommending any changes or improvements, as necessary. • To ensure that all activities are within overall regulatory framework and government regulations. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the RMC. • To review the results of and progress in implementation of the decisions.
Standard Agenda Items	<ul style="list-style-type: none"> • Minutes (draft) review/approval from previous meeting. • Review/update on High Risk Issues and Outstanding Actions. • Review of loan and inventory exposures. • Business Strategy Update / Plans. • Discussion on New Business projects. • Material/Significant Operational Risk Incidents • Operational Risk Appetite • Discuss any risk appetite breaches during the quarter • Any other item for escalation. • Any Other Business.
Membership	<p>Chair: CRM function</p> <p>Members: CEO of the Company, Representatives of CRO function, COO function, PB Business, ORM function, MRM function, CRCO function, Legal Entity Finance function, Treasury function, GC function, CRM function, Liquidity Risk function, Tech OR function, Tax function, Operations function, Credit Control function, AFG Flow lending function, Human Resources function</p> <p>Standing Member: APAC CRO</p> <p>Invitees: Representative of Group Internal Audit function.</p>
Meeting	<p>Frequency – Once every calendar quarter.</p> <p>Duration – One hour.</p> <p>Format - In Person/Video Conference/Audio.</p>

	<p>Notice and Materials – Materials circulated to members at least 1 day prior to meeting date by CRM function.</p> <p>Minutes – Minutes of preceding meetings shall be prepared and circulated prior to the succeeding meeting for approval.</p>
Decision Making	Decisions required, if any, by consensus. Chair has absolute veto right.
Escalation	Where significant incidents or matters concerning the Company are worthy of escalation, the Chairperson shall cause such to be escalated at the Board meeting and/or APAC RMC.

F. TECHNOLOGY COMMITTEE

Mandates and Responsibilities	<ul style="list-style-type: none"> Oversees the technology agenda, initiatives, projects across Divisional and Group CIO functions to ensure front to back alignment to support the UBS Finance including decisions and prioritization, if required. Reviews local regulatory, audits developments/initiatives specific to IT including need for any process, policy, guidelines enhancements. Reviews and govern compliance to regulatory requirements for IT. Reviews production stability, cyber security and risk/control/compliance. Escalate matters to the relevant global, regional or local committees as needed.
Standard Agenda Items	<ul style="list-style-type: none"> Prior Meeting minutes and Open Actions Relevant Business Updates IT Updates <ul style="list-style-type: none"> IT Strategy/Initiatives Production Incidents/Security Incidents/Stability IT Regulatory/Audit Commitment Updates Vulnerability & Penetration Test Updates IT DR test Updates IT Regulatory Reports Submission Status Metrics <ul style="list-style-type: none"> SOC/CSIRT Metrics Key IT Metrics IT Risk Updates <ul style="list-style-type: none"> CISO Updates (incl. Top IT risks) Cyber Security Updates NFR Tech & Cyber Updates Outsourcing - Significant Incidents if any Focus Topics/AoB – updates/escalations if any
Membership	<p>Chairperson: India IT Country Manager Raghavendra Acharya</p> <p>Members: Board Member, Representatives of APAC IT Country Management, India IT Country Coverage lead, Mumbai IT Lead, APAC WM IT, CIO GOS, Group CIO, Group CIO ESS, Mumbai CISO, APAC CISO, India NFR (Tech, Cyber & 3rd party), APAC NFR (Tech, Cyber & 3rd party), India NFR, CRM, India BCM, CRCO</p> <p>Standing Guests: India COO, India CRO, Representatives of India CRCO, India Internal Audit</p>
Meeting	<ul style="list-style-type: none"> Frequency - Quarterly (at least 3 times per year) Duration – 1 hour Format – In Person/Video Conference/Audio Notice – The agenda & meeting material shall be circulated 1 day in advance of the meeting by IT Country Management to enable sufficient time to review the content. Minutes - The proceedings of every meeting, including any decisions, escalations, actions shall be minuted. Minutes of preceding meetings shall be prepared and circulated prior to the succeeding meeting for approval.

Decision Making	Members have equal voting rights, if required for any decisions.
Escalation	Where significant incidents or matters concerning the Company are worthy of escalation, the Chairperson shall cause such to be escalated at the Board meeting and APAC IT MC.

RELATED PARTY TRANSACTIONS/CONNECTED LENDING RELATIONSHIP

The Board should ensure that the transactions of the Company with related parties are conducted in the ordinary course of business of the Company at arm's length basis and in accordance with the Act and other applicable regulations.

Guidelines	<ul style="list-style-type: none"> • The transactions with related parties should be disclosed in the annual reports of the Company. • The Board and Audit Committee, if required, should ensure that established control processes are not overridden in related party transactions and should periodically review the related party transactions then taking place. • Related party transactions should be monitored and appropriate steps should be taken to control or mitigate the risks of related party lending. The terms and conditions applicable to such lending should not be more favorable than lending to non-related party under similar circumstances.
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Guidelines Last Updated On: 8 February, 2023