

**BARCLAYS INVESTMENTS & LOANS (INDIA) PRIVATE LIMITED****INTERNAL GUIDELINES ON CORPORATE GOVERNANCE****1. Overview**

The objective of this document is to assist Barclays Investments & Loans (India) Private Limited (**'Company'**) as a member of the Barclays Group with the establishment and administration of a governance structure in line with Barclays Group (**'Group'**) policies and practices and in compliance with local laws and regulations.

These Guidelines are issued and monitored by the Board of Directors of the Company. The Company implements all applicable Group policies that are relevant to the Company subject to any variations required by local law, regulations and guidance issued by relevant regulators.

The Company is a Systemically Important Non-Banking Financial (Non Deposit Accepting) Company (NBFC-ND-SI) and is registered with Reserve Bank of India (**'RBI'**). The Company is engaged in the business of extending credit facilities to Ultra High Net Worth and High Net Worth Individuals and commercial entities owned by them against financial assets.

The Company ensures good governance through the Board of Directors of the Company and its Committees.

**2. RBI Directions on Corporate Governance**

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has issued Directions on Corporate Governance for NBFCs. In pursuance of the aforesaid Directions, the internal Guidelines on Corporate Governance have been framed for consideration by the Board of Directors.

**3. Governance Structure**

The Company is a distinct legal entity registered under the erstwhile Companies Act, 1913 (now amended to Companies Act, 2013). The affairs of the Company are governed in the manner as described below in detail.

**i) Board of Directors**

The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of Directors of the Company.

**Composition**

The Composition of the Board shall be governed by the Articles of Association of the Company read with applicable provisions of Companies Act, 2013 (**the 'Act'**) and rules framed thereunder, as may be amended from time to time.

The Board of Directors may include directors from various Business Units / Clusters of Barclays, as may be required to oversee the business activities of the Company as per applicable local law, regulations and guidance issued by relevant regulators and as suggested under Group norms.

The Board shall meet at least four times in a year, in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board (except where extension is granted by the Ministry of Corporate Affairs).

## ii) Committees

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board shall constitute a set of Committees with specific terms of reference / scope. The Committees shall operate as per the terms of reference approved by the Board. The minutes of the meetings of all Committees shall be placed before the Board for noting in subsequent meeting.

In compliance with applicable laws and regulations, its constitution documents and the Barclays Group governance and control arrangements, the Company has formed the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Management and Risk Control Committee
- Asset and Liability Committee
- High Level Monitoring Committee
- Information Technology (IT) Strategy Committee

The Board of Directors of the Company may, from time to time, constitute such other committees as may be required under extant Group policies, local regulations or for the purpose of ease of governance.

### Responsibilities of the Committees

Each Committee has defined responsibilities and operates within its Terms of Reference (**‘ToRs’**) as approved by the Board from time to time. The details of the Committees formed by the Board of Directors are given hereinbelow:

#### I. **Audit Committee**

Composition	The Committee shall consist of minimum of three directors
Quorum	The quorum shall be either two Members or one-third of the total strength, whichever is higher
Frequency	The Committee shall meet as and when required, but shall meet at least four times in a year
Role	<p>The terms of reference of the Audit Committee, inter alia, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ recommendation for appointment, remuneration and terms of appointment of auditors of the Company;</li> <li>▪ review and monitor auditor’s independence and performance, and effectiveness of audit process;</li> <li>▪ examination of financial statement and auditors’ report thereon;</li> <li>▪ approval or modification of transactions of the Company, if any, with related parties;</li> <li>▪ scrutiny of inter-corporate loans and investments, if any;</li> <li>▪ valuation of undertakings or assets of the company, wherever it is necessary;</li> <li>▪ evaluation of internal financial controls and risk management systems;</li> <li>▪ monitoring the end use of funds, if raised through public offers and related matters; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

## II. Nomination and Remuneration Committee

Composition	The Committee shall consist of minimum of three directors
Quorum	The quorum shall be either two Members or one-third of the total strength, whichever is higher
Frequency	The Committee shall meet as and when required, but shall meet at least once in a year
Role	<p>The terms of reference of the Nomination and Remuneration Committee, <i>inter alia</i>, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;</li> <li>▪ specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;</li> <li>▪ formulate the criteria for determining qualifications and positive attributes of a director;</li> <li>▪ recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees;</li> <li>▪ ensuring 'fit and proper' status of proposed / existing directors and scrutinize the declarations; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

## III. Corporate Social Responsibility (CSR) Committee

Composition	The Committee shall consist of two or more directors.
Quorum	The quorum shall be either two Members or one-third of the total strength, whichever is higher
Frequency	The Committee shall meet as and when required, but shall meet at least three times in a year
Role	<p>The terms of reference of the CSR Committee, <i>inter alia</i>, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ formulate and recommend to the Board, a CSR policy, which shall indicate the activities to be undertaken by the Company in the areas or subject as specified in Schedule VII of the Act;</li> <li>▪ recommend the amount of CSR expenditure to be incurred on projects which are in line with the activities referred in the CSR Policy of the Company;</li> <li>▪ monitor the CSR Policy of the Company from time to time;</li> <li>▪ formulate and recommend an annual action plan in pursuance of its Policy, or alter such plan, if considered necessary, based on reasonable justification;</li> <li>▪ undertake to conduct impact assessment, if required under the Companies Act, 2013, for CSR projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the impact study, through an independent agency and place such report before the Board; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

## IV. Management and Risk Control Committee

Composition	The Committee shall consist of such number of Members as may be determined by the Board.
Quorum	The quorum shall be either two Members or one-third of the Members of the Committee, whichever is higher.

Frequency	The Committee shall meet as and when required, but shall meet at least four times in a year.
Role	<p>The terms of reference of the Management and Risk Control Committee, <i>inter alia</i>, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ discuss on business updates and progress of the Company;</li> <li>▪ review and monitor key business risks and take action where required in relation to changes in risk environment;</li> <li>▪ oversee the effectiveness of the Control Environment across all Principal Risks through review of PRA, RCSA, key indicators, risk events, regulatory reporting, material policy dispensations and breaches, incident and issue management, root cause analysis, lessons learned assessments, results of assurance reviews, themes and concentrations.</li> <li>▪ oversee the implementation of Barclays Controls Framework such as RCSA refresh and ORAC control library adoption.</li> <li>▪ monitor the status of new and amended products;</li> <li>▪ oversee the compliance and monitoring of legal and regulatory changes.</li> <li>▪ review key issues arising from assurance reports from the three lines of defence / inspections / deep dive reports and oversee the action plans implemented.</li> <li>▪ monitor credit risk exposures against the defined appetite and thresholds and ensure corrective action to bring within risk appetite;</li> <li>▪ review Fraud Risk update relevant to the business for assessing the Fraud Key Risk profile in the business, relative to Operational Risk tolerance, including fraud management information, key indicators, lessons learnt assessments, risk events / losses, open audit observations;</li> <li>▪ review and approve conflict of interest risks pertaining to BILIPL;</li> <li>▪ review and approve outsourcing arrangements, if required; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

## V. Asset and Liability Committee (ALCO)

Composition	The Committee shall consist of such number of Members as may be determined by the Board.
Quorum	The quorum shall be at least three Members.
Frequency	The Committee shall meet as and when required, but shall meet at least four times in a year.
Role	<p>The terms of reference of the Asset and Liability Committee, <i>inter alia</i>, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ manage the funding and investment of Company's balance sheet;</li> <li>▪ manage the liquidity and cash flow of the Company;</li> <li>▪ manage the exposure of Company to interest rate, exchange rate, commodity and equity market movements;</li> <li>▪ manage the capital position and flow;</li> <li>▪ manage asset and liability margins and internal transfer pricing arrangements;</li> <li>▪ managing compliance with all internal and regulatory limits and ratios for the above activities;</li> <li>▪ consider and recommend to Barclays New and Amended Product Approval Committee/Board of Directors of the Company all new products that has a material impact on or off balance sheet and/or carries liquidity risk, market risk, treasury operational risk, etc.</li> <li>▪ consider and approve any other matters related to liquidity and market risk management including matters that might be required by RBI to be dealt with by ALCO from time to time; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

**VI. High Level Monitoring Committee**

Composition	The Committee shall consist of three or more Members with representation from Business and Operations.
Quorum	The quorum shall be either two Members or one-third of the total strength, whichever is higher.
Frequency	The Committee shall meet as and when required, but shall meet at least once in a year.
Role	<p>The terms of reference of the High Level Monitoring Committee, inter alia, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ evaluate compliance systems for Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) including timely completion of due diligence thereof;</li> <li>▪ monitor the reporting under FATCA regulations from time to time;</li> <li>▪ monitor the reporting under CRS from time to time; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

**VII. Information Technology (IT) Strategy Committee**

Composition	The Committee shall consist of two or more Members with representation from Technology.
Quorum	The quorum shall be at least two Members or one-third of the total strength, whichever is higher.
Frequency	The Committee shall meet as and when required, but shall meet at least twice in a year
Role	<p>The terms of reference of the IT Strategy Committee, inter alia, shall include the following:</p> <ul style="list-style-type: none"> <li>▪ Approve IT strategy and policy documents and ensure that the management has put an effective strategic planning process in place;</li> <li>▪ Ascertain that the management has implemented processes and practices to ensure that IT delivers value to the business;</li> <li>▪ Acquisition and development of Information Systems and change management, oversight and monitoring of the progress of the project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable;</li> <li>▪ Ensure that IT investments represent a balance of risks and benefits and that budgets are acceptable;</li> <li>▪ Monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;</li> <li>▪ Ensure proper balance of IT investments for sustaining company's growth and becoming aware about exposure towards IT risks and controls;</li> <li>▪ Review the assessment conducted by the Chief Information Officer for imparting IT training and completion of such trainings done by the Company's IT senior/middle management, on an annual basis;</li> <li>▪ Institute an effective governance mechanism and risk management process for all IT outsourced operations, in case if any, as per the regulations;</li> <li>▪ Undertake any other responsibility as laid down by RBI from time to time; and</li> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

#### **4. 'Fit and Proper' Criteria**

The Company shall:

- i) put in place, a policy for ascertaining the 'fit and proper' criteria of the directors at the time of appointment, and on a continuing basis.
- ii) undertake the process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. The process of due diligence should be undertaken at the time of appointment and renewal of appointment.
- iii) obtain a declaration and undertaking from the directors every year giving additional information on the directors in the prescribed format for judging their 'fit and proper' status.
- iv) Obtain a deed of covenant signed by the directors in the prescribed format.
- v) furnish to RBI a quarterly statement on change of directors, and a certificate that 'fit and proper' criteria' in selection of the directors has been followed. The statement for the quarter ending March 31<sup>st</sup> shall be certified by the auditors.

#### **5. Disclosure and Transparency**

The following must be put forth before the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard:

- i) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company; and
- ii) conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

The following must be disclosed in the Annual Financial Statements of the Company:

- i) registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- ii) ratings assigned by credit rating agencies and migration of ratings during the year;
- iii) penalties, if any, levied by any regulator;
- iv) information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries; and
- v) 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 may be prescribed.

#### **6. Rotation of partners of the Statutory Auditors Audit Firm**

The partner of the Chartered Accountant firm conducting statutory audit of the Company will be subject to rotation and is required to rotate in every three years. The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

Also, the Company shall not appoint the Statutory Auditor for a period of more than five consecutive years if the Auditor is an individual and for a period of more than ten consecutive years if the Auditor is a Firm or Limited Liability Partnership. The tenure can be further lessen if required by the sectoral regulator.

#### **7. Information System Audit**

The Audit Committee of the Company shall ensure that an information system audit of the internal systems and processes is conducted at least once in a year to assess the operational risks, if any, faced by the Company.