

SUNDARAM FINANCE LIMITED
INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

The Board of Directors of Sundaram Finance Limited (hereinafter referred to as "SFL" or "the Company") has adopted the Internal Guidelines on Corporate Governance as required under paragraph 75 of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("Directions").

As stipulated in the said Directions, the Company shall —

- a) have an Audit Committee, consisting of not less than three directors. The Committee shall have the same powers, duties and functions as laid down under Section 177 of the Companies Act 2013 and shall *inter alia* ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
- b) have a Nomination and Remuneration Committee which shall put in place a policy for ascertaining "fit and proper criteria" of the directors at the time of appointment and thereafter on a continuing basis, as laid down in the Directions and ensure fit & proper status of proposed/ existing directors. The Committee shall have the same powers, functions and duties as laid down in section 178 of the Companies Act, 2013.
- c) have a Risk Management Committee, besides the Asset Liability Management Committee, to manage the integrated risks.
- d) appoint a Chief Risk Officer.
- e) obtain a Deed of Covenant from the Directors and also a declaration and undertaking as per format provided in the Directions
- f) have a system for disclosure to the Board at regular intervals on the following:
 - i. risk management framework and risk management policy and strategy followed; and
 - ii. conformity with the prescribed corporate governance standards.
- g) make the necessary disclosures in the Annual Report as required under the aforesaid Directions, and
- h) ensure appointment of Joint Statutory Auditors in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021.

Note: The above guidelines are in addition to the corporate governance practices adopted by the Company under other applicable provisions of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those corporate governance practices prescribed under other laws applicable to the Company. The above guidelines shall be periodically reviewed and brought in conformity with all statutory and regulatory requirements, from time to time.