

CORPORATE GOVERNANCE POLICY
OF
NAVI FINSERV LIMITED
(formerly Known as Navi Finserv Private Limited)



Version No.	5.0
Originally adopted Date of Policy	February 25, 2019
Amended/Modified Date of Policy	June 30, 2020 May 28, 2021 September 30, 2021 November 08, 2023 September 16, 2024 June 30, 2025
Policy owner	Legal, Secretarial and Compliance Department
Approved by	Board of Directors

Vision

The vision of Navi Finserv Limited ("NFL" or the "Company") is to Simplify Finance for a Billion People and the long-term vision is anchored in building a strong, sustainable business supported by three key pillars: robust risk management, high corporate governance standards and a commitment to ethical practices. These principles guide us as we continue to grow and create value for all stakeholders. In an industry ripe with opportunities, we are uniquely positioned to capitalize on macro tailwinds such as the increasing demand for credit, broader digital reach and the ability to underwrite using alternative data sources. Our digital-first DNA and best-in-class tech stacks empower us to lead in this dynamic environment. As we look ahead, our focus remains on enhancing our underwriting capabilities, reducing risk and improving collection efficiencies, all while keeping a customer-first approach. We are committed to delivering sustained value to our shareholders, investors, and the broader business community.

Mission

To provide financial products and services that are simple, affordable and accessible by building a customer-centric and technology-first organisation.

A. BACKGROUND

The Corporate Governance Policy ('**Policy**') provides the framework that provides the overall governance structure of the **Company** including corporate structure, philosophy, disclosures, culture, policies and the manner in which it deals with various stakeholders.

The Policy has been aligned with the Companies Act, 2013 ('**Companies Act**'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI Listing Regulations**') and the provisions of Corporate Governance guidelines as stipulated by the Master Direction – Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended.

B. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance involves balancing the interests of a Company's stakeholders including its shareholders, the management, customers, suppliers, financiers, regulators, lenders, investors and the community. It is a set of systems, rules and practices to ensure that the affairs of a Company are being managed in a way which ensures accountability, transparency, financial probity and fairness in all transactions. By adopting high standards of corporate governance, a Company can constantly improve sustainable value creation. The Company strives to reach this goal by keeping responsible financing, ethical values, accountability, equity and transparency as the cornerstones in all its dealings with its customers, lenders, investors and employees.

The Board of Directors of the Company (the '**Board**') are at the core of the Company's corporate governance practice, formulating, directing, and overseeing how the Company, its management and all employees adhere to corporate governance norms and serve and protect the long-term interests of all stakeholders. The Company believes that, with the active participation of Directors, and an active and well-informed Board shall ensure the highest standards of corporate governance.

C. CORPORATE GOVERNANCE STRUCTURE

BOARD

The Board shall be responsible for exercising its judgment to act in the best interests of the Company and its stakeholders. The Board consists of professionals from varied disciplines and the day-to-day management of the affairs of the Company is entrusted with the senior management personnel. The rights, roles, responsibilities, liabilities, obligations, functions, and duties of the Board shall be as per the provisions of the Companies Act as amended from time to time.

The Independent Director shall abide by the Code of Conduct for Independent Director as mentioned in Schedule IV of the Companies Act. In discharging their duties, the Directors shall comply with the Code of Conduct as adopted by the Board. All the Directors shall make the necessary annual disclosure regarding their directorships, shareholding and Committee positions and shall intimate changes as and when they take place.

COMPOSITION OF THE BOARD

The composition of the Board shall be in line with the Articles of Association ("AOA"), Companies Act, 2013 and all other applicable laws as amended from time to time. The Board shall have an optimum combination of Executive, Non-Executive and Independent Directors including women directors in line with the requirements of applicable law.

MEETINGS OF THE BOARD

Meetings of the Board shall be held at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two consecutive meetings. The information to be statutorily made available to the Board, pursuant to the applicable guidelines, SEBI Listing Regulations shall be furnished to the Directors.

COMMITTEES OF THE BOARD

The Committees constituted by the Board are as follows:

AUDIT COMMITTEE

The Audit Committee shall consist of not less than two-third members as Independent Directors with the Chairman also being an independent Director. The Committee shall meet at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two meetings. The quorum for the meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors. The Audit Committee shall be governed by the provisions of the Companies Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

NOMINATION AND REMUNERATION COMMITTEE ("NRC")

The NRC shall consist of at least three non-executive directors with not less than two-third being independent directors including the Chairperson. The NRC shall meet at least once in a financial year. The quorum for a meeting shall be either two members or one third of the members of the committee, whichever is greater,

including at least one independent director in attendance. The NRC shall be governed by the provisions of the Companies Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the NRC.

STAKEHOLDERS RELATIONSHIP COMMITTEE ("SRC")

The SRC to look into various aspects of interest of stakeholders, debenture holders and other security holders. The SRC shall consist of not less than three directors, with at least one Independent Director and Chairman being a Non-executive director. The Committee shall meet at least once in a financial year. The SRC shall be governed by the provisions of the Companies Act, SEBI Listing Regulations and terms of reference of the SRC.

RISK MANAGEMENT COMMITTEE ("RMC")

The RMC shall have a minimum of three members with majority of them being members of the Board, including at least one Independent Director. The Chairperson of the RMC shall be a member of the Board and senior executives of the Company may be members of the RMC. The said Committee shall meet at least twice a financial year and not more than one hundred and ten days shall elapse between any two consecutive meetings. The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board in attendance. The Committee shall be governed by the provisions of the Companies Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

The CSR Committee shall have three or more Directors, out of which at least one director shall be an Independent Director. The CSR shall, inter-alia, formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company.

ASSET LIABILITY MANAGEMENT COMMITTEE ("ALCO")

The ALCO shall consist of the Company's top management and shall be responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The CEO or Managing Director or an Executive Director shall head the Committee. In addition, the Board may constitute such other Committees in line with the best practices and operational requirements, from time to time.

IT STRATEGY COMMITTEE ("ITSC")

The Company shall constitute an IT Strategy Committee, as required under the RBI Master Direction - Information Technology Framework for the NBFC Sector. The chairperson of the ITSC shall be an Independent Director and the ITSC shall meet at an appropriate frequency as prescribed.

FINANCE COMMITTEE ("FC")

The FC shall consist of a minimum of 2 (two) members who shall be members of the Board. The Finance Committee shall meet as and when necessary, by giving a notice to the members of the Committee along with agenda and supporting documents for the meetings. The quorum for the meetings of the FC shall be 2 (two) members of the Finance Committee.

VIGIL MECHANISM

The Company shall formulate a vigil mechanism / whistle blower policy to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimisation. The said policy shall be hosted on the website of the Company.

D. DISCLOSURE AND TRANSPARENCY

The Company will make disclosures as required under the Companies Act and rules framed thereunder, SEBI Listing Regulations, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and such other laws that may be applicable to the Company, from time to time. The Board will ensure that all disclosures statutorily required to be made on behalf of the Company are duly made to the relevant authorities or such other persons as may be required under applicable laws or regulations.

The Company will put up to the Board, at regular intervals, the following information:

- a. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- b. conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.;
- c. committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.;
- d. updates of the various committees' meetings from time to time;
- e. disclosures in the Annual Financial Statements information as may be prescribed under the RBI Guidelines from time to time; and
- f. any other information as may be required by the Board to disclose.

The Company will disclose the following information in its annual financial statements:

- a. registration/license/authorisation, by whatever name called, obtained from other financial sector regulators;
- b. ratings assigned by credit rating agencies and migration of ratings during the year;
- c. penalties, if any, levied by any regulator;
- d. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries;
- e. related party transactions entered into by the Company as required to be disclosed;
- f. 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 the Company as also securitization/ assignment transactions and other disclosures as prescribed under the Master Circular; and
- g. any other information as may be required under the law in force.

E. ETHICS AND INTEGRITY

Ethics and integrity form the first pillar of NFL's Corporate Governance Policy. The Company is committed to conducting all aspects of its business with honesty, integrity, and the highest moral standards. Key commitments under this section include:

- **Code of Conduct:** NFL has adopted a comprehensive Code of Conduct that applies to all directors, senior executives, and employees of the Company. This Code of Conduct outlines expected standards of behavior, including honesty, professionalism, fair dealing, and compliance with laws. All personnel are required to affirm their adherence to the Code of Conduct, ensuring that business decisions and actions reflect the Company's values and ethical standards.
- **Conflict of Interest Avoidance:** The Company's officers and directors must act in the best interest of NFL and avoid situations where their personal interests conflict with those of the Company or its stakeholders. Any potential conflicts of interest are required to be disclosed and managed in accordance with Company policy. The NFL maintains procedures for directors and employees to declare any conflicts, and to recuse themselves from decisions where such a conflict exists.
- **Integrity of Financial Reporting:** NFL places utmost importance on the integrity and accuracy of its financial records and reporting. The Company does not tolerate any misconduct such as fraud, misrepresentation, or falsification of accounts. Robust internal controls and oversight by the Audit Committee ensure that financial statements are true and fair, reflecting the Company's actual performance and financial position. Senior management attests to the correctness of financial reporting, reinforcing accountability.
- **Anti-Bribery and Anti-Corruption:** The Company has zero tolerance for bribery, corruption, or any unethical inducements in business conduct. NFL and its employees shall not offer, give, solicit or receive any illegal payments or favors to influence business or government decisions. The Company complies fully with anti-corruption laws and has internal policies to prevent, detect, and address any form of corruption.
- **Whistleblower Mechanism:** To reinforce ethical conduct, NFL has established a Whistleblower Policy (Vigil Mechanism) that encourages employees and other stakeholders to report any suspected unethical behavior, fraud, or violations of the Code of Conduct. This mechanism provides a secure and confidential channel for reporting concerns to the appropriate authorities (such as the Audit Committee or an independent ombudsperson) without fear of retaliation. All whistleblower complaints are taken seriously and investigated with due diligence, and the confidentiality of the whistleblower is maintained.
- **Culture of Integrity:** Leadership at NFL is responsible for cultivating a culture of integrity. The Board and senior management lead by example, demonstrating ethical decision-making. The Company regularly communicates its ethical expectations through training, awareness programs, and by integrating ethical considerations into performance evaluations. Any deviation from ethical conduct is promptly addressed.

F. ACCOUNTABILITY AND OVERSIGHT

Accountability is a core principle of the NFL's governance framework. The Company has established clear roles and responsibilities for its Board, management, and various internal stakeholders to ensure that decision-making is subject to effective oversight and that those in charge are answerable for their actions and results. The following outlines NFL's approach to accountability and oversight:

- **Board of Directors' Responsibilities:** The Board of Directors is at the helm of NFL's governance system and is ultimately accountable for the Company's strategy, performance, and compliance. The Board provides stewardship and strategic guidance, and it oversees management to ensure that the Company is being run in the best interests of its stakeholders. In line with the Companies Act, 2013 and RBI guidelines for NBFCs, the Board approves major policies, financial plans, and budgets, and monitors their implementation. It is accountable to stakeholders for the Company's conduct and performance, and reports to them at least annually at the Annual General Meeting (AGM) and through the Annual Report. The Board is conscious of its accountability to other stakeholders as well, including regulators, employees, and customers, for upholding NFL's commitments and statutory obligations.
- **Management's Responsibilities:** Day-to-day operations of NFL are conducted by the management team under the leadership of the Managing Director/Chief Executive Officer (MD/CEO). Management is accountable to the Board for executing the strategy and policies approved by the Board, and for upholding the Company's values and Code of Conduct in operations. The MD/CEO and senior executives are responsible for keeping the Board informed through regular reports on business performance, key developments, and compliance status. If performance targets are not met or if any issues arise, management must explain to the Board and take corrective actions. This clear accountability ensures that authority is exercised responsibly at all levels of the Company.
- **Board Independence and Committees:** To strengthen oversight, NFL is committed to maintaining a Board composition that includes a sufficient number of independent directors (as applicable under law) who bring objective judgment to Board deliberations. While detailed board composition is beyond the scope of this Policy, the presence of independent directors enhances accountability by ensuring that decisions are scrutinized for the benefit of all stakeholders. The Board has constituted various committees as mentioned under Para C to focus on specific areas of governance. These committees operate under defined charters and report to the Board, enabling more detailed oversight of critical functions (e.g., financial reporting, executive remuneration, risk management). The NFL ensures that these committees meet regularly and function effectively to hold the management accountable in their respective domains.
- **Performance Evaluation:** As part of its accountability framework, NFL has instituted mechanisms for regular performance evaluation. The Board periodically evaluates its own performance, as well as that of individual directors (including the MD/CEO) and key executives. Such evaluations are carried out in a structured manner, possibly annually, and cover criteria like contribution to board deliberations, compliance with ethical standards, strategic value addition, etc. The outcome of these evaluations is used to identify areas of improvement in governance practices and, if necessary, to make changes in the composition or processes of the Board or management.
- **Accountability to Stakeholders:** NFL acknowledges that accountability extends beyond internal governance – it includes being answerable to stakeholders at large. The Company endeavors to address stakeholder inquiries and concerns promptly and fairly. For example, shareholder queries

or grievances are handled through a defined investor grievances mechanism; customer complaints are addressed via customer service and escalation channels; and any regulatory queries or inspections are responded to with full cooperation and transparency. The NFL's leadership takes responsibility for outcomes that affect stakeholders, whether positive or negative. If and when lapses occur, the Company's policy is to investigate the causes, fix responsibility, and take remedial measures to prevent recurrence.

- **Internal Controls and Audit:** A robust system of internal control is fundamental to accountability. NFL has implemented internal control systems for financial reporting, operational processes, and compliance. The internal audit function (either in-house or outsourced as appropriate) provides independent assurance to the Audit Committee and the Board that these controls are effective and that the Company's operations are in accordance with policies and regulations. Any significant weaknesses or failures in control are reported and addressed in a time-bound plan. By doing so, the Company ensures that it can be held accountable for maintaining the integrity of its operations and financial information.

G. ETHICAL BUSINESS CONDUCT AND CORPORATE CITIZENSHIP

The NFL is committed to conducting its business not only in compliance with laws and regulations but also in a manner that is fair, responsible, and sustainable. This section outlines how NFL integrates ethical considerations into its business conduct and its responsibilities as a corporate citizen:

- **Fair Practices Code:** As an NBFC, NFL adheres to the RBI's Fair Practices Code for lenders, ensuring that customers are treated fairly and with respect. The Company's loan processes – from marketing and customer acquisition to underwriting, servicing, and collections – are built on fairness and transparency. Customers are provided clear information about product terms (interest rates, fees, etc.), and their consent is obtained through fair agreements. NFL avoids any abusive or coercive collection practices, and has established grievance redressal mechanisms for customers. By following fair practices, NFL not only complies with regulatory requirements but also builds long-term trust with its customer base.
- **Customer-Centric Conduct:** NFL's mission to provide simple, affordable, and accessible financial products is underpinned by a customer-centric approach. In practice, this means the Company designs products with the customer's needs in mind, communicates in plain language, and uses technology to enhance customer experience (while safeguarding data privacy and security). Ethical business conduct requires that the Company puts the customer first – for example, by avoiding mis-selling, ensuring data confidentiality, and resolving customer issues promptly. A satisfied and well-informed customer base is essential for the NFL's reputation and sustained success.
- **Employee Conduct and Diversity:** NFL expects its employees to uphold the highest standards of professionalism and integrity in all business dealings. The Company promotes a workplace culture of mutual respect, non-discrimination, and equal opportunity. Harassment or exploitation of any form is strictly prohibited. The NFL provides training to employees on the Code of Conduct, anti-harassment policies, and ethical decision-making. Employees are encouraged to voice concerns or suggestions regarding ethical practices, reinforcing a collective responsibility for ethical business conduct. Moreover, NFL values diversity in its workforce as a strength that brings in varied perspectives and drives innovation; it strives to maintain an inclusive environment where all employees can contribute to their fullest potential.

- **Supplier and Partner Integrity:** When engaging with third-party service providers, vendors, or business partners, NFL conducts due diligence to ensure they share the Company's commitment to ethical standards. The Company expects its suppliers and partners to comply with applicable laws (including labor and environmental laws) and to follow ethical practices in their operations. Any instances of unethical behavior or violation of law by a partner are not tolerated and can lead to review or termination of the business relationship.
- **Prohibition of Insider Trading:** In line with best governance practices and securities laws, NFL has policies to prevent insider trading and unlawful use of unpublished price-sensitive information. Directors, executives, and any employees with access to confidential financial information are prohibited from using such information for personal gain in securities trading. The Company has established trading windows, pre-clearance requirements, and disclosure norms to ensure compliance with insider trading regulations.
- **Corporate Social Responsibility (CSR):** As part of being a responsible corporate citizen, NFL is committed to contributing positively to society and the environment. The Company undertakes CSR initiatives as per its CSR policy (in accordance with Section 135 of the Companies Act) in areas such as financial literacy, community development, education, healthcare, or environmental sustainability. The NFL's approach to CSR is not just about charitable donations, but about engaging with communities in a meaningful way and ensuring sustainable outcomes. This commitment reflects the Company's recognition that ethical business conduct extends beyond transactions – it includes playing a constructive role in the broader community.

H. ENFORCEMENT AND REVIEW OF THE POLICY

This Corporate Governance Policy is approved by the NFL's Board of Directors and is applicable to all directors, officers, and employees of the Company. It is not a static document but a dynamic framework that will evolve with the Company's needs, regulatory changes, and emerging global best practices. Key points regarding enforcement and review include:

- **Enforcement:** The responsibility for upholding this Policy lies with the Board and senior management of the NFL. The Company Secretary, under the guidance of the Board, acts as a custodian of the Policy to ensure that the governance practices described herein are implemented in day-to-day operations. The Audit Committee may also review compliance with the Policy and report any significant deviations to the Board.
- **Periodic Review:** The Board will review this Corporate Governance Policy at least annually, or more frequently if required, to ensure it remains aligned with current laws, regulations, and industry best practices. Changes in regulatory requirements (for example, a significant amendment to the Companies Act, SEBI regulations, or RBI guidelines) will trigger a prompt review of the Policy.

By adhering to and periodically refining this Corporate Governance Policy, the Company endeavors to maintain a governance system that is **transparent, ethical, accountable, and robust**. The Policy is a declaration of the Company's commitment to all its stakeholders that it will be managed and overseen in a manner that is worthy of their trust. High standards of corporate governance are not just about compliance for NFL – they are about defining the way the Company does business and ensuring that **"Simplifying Finance for a Billion People"** is achieved with integrity, prudence, and respect for all those who are a part of NFL's journey.