

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

These internal guidelines on Corporate Governance have been framed in line with the requirements of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time.

Corporate governance focuses largely on upholding the highest order of ethical values and responsible business practices. It is also about how an organization's structure, culture, policies, and stakeholder interactions are managed efficiently. An effective corporate governance is to maintain accuracy and timely disclosure of financial position and company performance to stakeholders.

CORPORATE GOVERNANCE PHILOSOPHY

Cholamandalam Investment and Finance Company Limited (“the company”) is committed to the highest standards of corporate governance in every facet of its operations.

The board, senior management and all employees share a common goal of following ethical and lawful business practices while adhering to the highest standard of corporate governance. The board is committed to keep utmost transparency in disseminating comprehensive information while recognizing the dynamic nature of governance including regulatory changes, ESG concerns, and technological advancements.

Practicing strong corporate governance is critical for consistent performance, smooth operations, attracting investments, protecting stakeholders' rights, and increasing stakeholder value. The company's activities are spearheaded by high standards of corporate governance that reflect its core values. The company follows this principle:

“The fundamental principle of economic activity is that no man you transact with will lose; then you shall not.”

The corporate governance philosophy of the company is driven by the following fundamental principles:

- Adhere to corporate governance standards beyond the letter of law;
- Maintain transparency and high degree of disclosure levels;
- Maintain a clear distinction between the personal interest and corporate interest;
- Have a transparent corporate structure driven by business needs and
- Ensure compliance with applicable laws.

Board of Directors

The corporate governance practices of the company ensure that the Board of Directors (“the Board”) remains informed, independent, and involved in the company and that there are ongoing efforts towards better governance to mitigate “non-business” risks.

The Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review mechanism.

The Board is committed in representing the long-term interests of the stakeholders and in providing effective governance over the company's affairs and exercise reasonable business judgment on the

affairs of the company.

The company has in place an appropriate risk management framework covering various risks that the company is exposed to, including fraud risks, which are discussed and reviewed by the management on an ongoing basis and by the, audit committee, risk management committee and the board every quarter.

The Board has constituted various committees to support the board in discharging its responsibilities. The board at the time of constitution of each committee defines the terms of reference and the role and responsibilities of the committees and delegates powers which is reviewed by the board from time to time

The company's commitment to ethical and lawful business conduct is a fundamental shared value of the board, the senior management and all employees of the company. Consistent with its Values and Beliefs, the company has formulated a Code of Conduct applicable to the board and senior management and also a policy on Board Diversity. Further, the company has also adopted an Insider Trading Code for prevention of insider trading and a Whistle Blower Policy for reporting any concerns or grievances by directors / employees / customers and vendors in their dealings with the company. In order to ensure that the mechanism is effective and as prescribed, direct access to the Chairman of the Audit Committee is provided to the complainant.