

Business NextGen Finance Private Limited (BNF)

CORPORATE GOVERNANCE POLICY

Sep 2025



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Our Commitment to Governance

Business NextGen Finance Private Limited (BNF) is a non-deposit-taking NBFC registered with the Reserve Bank of India (RBI).

We are committed to good corporate governance by maintaining the highest standards of transparency and business ethics. Our effective policies and procedures are regularly reviewed by the Board and its committees to ensure accountability to our customers, the government, and all other stakeholders. The Company is constantly striving to adopt and improve upon the best corporate practices.

Our Corporate Governance Guidelines

In compliance with the Reserve Bank of India (RBI) guidelines issued on May 8, 2007, which promote best practices and greater transparency for NBFCs, the Company has established the following internal Corporate Governance Guidelines.

Corporate Governance

Regulators

Business NextGen Finance Private Limited (BNF), is a company incorporated under the provisions of the Companies Act, 1956 and exist within the purview of the Companies Act, 2013. Further, BNF is registered with Reserve Bank of India (RBI) as Non-Banking Finance Company.

Shareholders

The shareholders of BNF may include Indian, Foreign Companies and LLPs. Shareholders shall be informed of details regarding the appointment or re-appointment of a Director.

The Role and Composition of the BNF Board

The BNF Board is composed of highly qualified members with significant expertise in banking, technology, and finance. The Board is appointed by and responsible to the shareholders.

The core function of the Board is to oversee the management and enhance the long-term value of the Company for its shareholders. The Board is deeply involved in strategy formulation and approves the business plan of BNF.

Oversight and Management

Oversight: The Board, along with its committees, provides direction and guidance to the leadership team, supervises, and reviews the Company's performance. It also monitors the performance of the MD & CEO to ensure shareholder interests are served.

Day-to-Day Operations: BNF's day-to-day business is executed by its employees and managers, under the direction of the MD & CEO, who is responsible for executing the strategy.

Information Flow: The Senior Management team keeps the Board regularly updated on operations and key developments.

Compliance: The Board periodically reviews the Company's compliance with all applicable laws and ensures timely rectification of any non-compliance issues.

Board Composition and Meetings

Board Size and Meetings

As required by law and BNF's Articles of Association, the Board must have a minimum of 3 Directors and cannot exceed the maximum number prescribed by applicable law. The Board must meet at least four times a year, ensuring that the gap between any two consecutive meetings is no more than 120 days.

Nominee Directors

The Board must ensure that any Director nominated by a Shareholder is not on the Reserve Bank of India's list of willful defaulters and is not otherwise disqualified from acting as a director under any applicable law.

If a Nominee Director appears on the willful defaulter list, the Company must immediately notify the relevant Shareholder. That Shareholder then has 30 days to take corrective action, which includes replacing the Director if necessary.

Statutory Duties of Directors (Section 166)

In accordance with the Companies Act, 2013, and as a core part of good Corporate Governance, Company Directors have the following duties:

- **Act in Good Faith:** Directors must act in good faith to promote the Company's objectives for the benefit of its members as a whole. This includes acting in the best interests of the Company, its employees, shareholders, the community, and for the protection of the environment.
- **Exercise Care and Skill:** Directors must perform their duties with due and reasonable care, skill, and diligence, and must always exercise independent judgment.
- **Avoid Conflicts:** Directors must not get involved in any situation where they have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- **No Undue Gain:** Directors must not achieve or attempt to achieve any undue gain or advantage for themselves, their relatives, partners, or associates. If a Director is found guilty of making an undue gain, they are liable to pay an amount equal to that gain back to the Company.
- **No Assignment of Office:** A Director cannot assign their office to another person; any attempt to do so is legally void.

Information Provided to the Board

The Board is provided with all relevant statutory and material information *before* each meeting to support effective, strategic decision-making.

In addition to this, the following reports and documents are routinely submitted to the Board for its review and/or approval:

- **Financials & Planning:** Annual operating plans, budgets (including capital budgets), and half-yearly cash flow statements.
- **Committee Minutes:** Minutes from meetings of the Audit Committee and other Board Committees.
- **Key Personnel:** Information on the recruitment and pay of senior officers just below the Board level, including the appointment or removal of the Chief Financial Officer and Company Secretary.

- Legal & Risk: Details of any material show-cause/demand notices, major defaults in financial obligations, significant public or product liability claims, and material foreign exchange exposures (with risk mitigation steps).
- Strategy: Details of any new joint ventures or collaboration agreements, and any significant developments in Human Resources.
- Compliance Failures: Reports on any non-compliance with regulatory, statutory, or listing requirements, as well as issues related to shareholder services (e.g., delayed dividend payments or share transfers).

Committees of the Board

In compliance with the applicable provisions of the Act, and the RBI guidelines on Corporate Governance and in order to meet business exigencies, the Company has constituted Board committees.

Fair Practices Code

The Company has adopted a policy on Fair Practices Code in compliance of extant RBI guidelines which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by operating committee members.

Code of conduct

The Company has adopted a code of conduct for employees of the Company for fair conduct of its employees.

Appointment of Statutory Auditors

The Company's Statutory Auditors will be appointed (or re-appointed) by the Board of Directors in compliance with two primary regulatory requirements:

- Companies Act, 2013: The appointment is made according to the provisions of this Act.
- RBI Guidelines: The appointment must strictly comply with the latest Reserve Bank of India (RBI) circular (dated April 27, 2021) titled "Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)."

The Company will ensure the letter of appointment for the auditors incorporates all necessary terms to meet these applicable regulations.

Disclosures and transparency

BNF shall place following information before Board at regular intervals as may be prescribed by the Board in this regard:

- Progress made in putting in place a proactive risk management system and risk management policy and strategy followed.
- Adherence to 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.

BNF shall also disclose the following in their Annual Financial Statements

- registration/ license/ authorization, by whatever name called, obtained from other financial

sector regulators;

- ratings assigned by credit rating agencies and migration of ratings during the year;
- penalties, if any, levied by any regulator;
- information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
- 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 and other disclosures, as per prescribed format of RBI.

Senior Management Personnel (SMP)

Senior Management Personnel (SMP) refers to the Company's core management team, specifically excluding the Board of Directors.

This group includes:

- All managers one level below the Chief Executive Officer (CEO) and Managing Director/Whole Time Director.
- The functional heads of the business (by whatever title they are called).
- The Company Secretary and the Chief Financial Officer (CFO).
- This definition also covers key managerial personnel as defined under Section 2(51) of the Companies Act, 2013.

Senior Management Personnel (SMP) Policy

Selection and Appointment

Candidates considered for SMP roles must possess adequate skills, qualifications, expertise, and experience as required by the Company and applicable laws. The MD & CEO recommends the appointment and salary, which are then approved by the Board.

Remuneration Structure

SMP pay is determined based on industry benchmarks and a clear relationship between pay and performance. Remuneration is split into two components:

1. Fixed Component: Salary, perquisites, and retirement benefits.
2. Variable Component: Performance-based incentives, reflecting both short- and long-term performance objectives.

The total pay (including increments and incentives) is decided based on the criticality of the role, the Company's financial performance (vis-à-vis budget), and the individual's performance against Key Performance Indicators (KPIs) and other defined parameters. The MD/CEO is responsible for conducting the final performance review.

Separation

In the event of an SMP's resignation or superannuation, the separation is simply taken on record by the Board.