

SUPREME HOME LOANS

Sapno ka ghar, Supreme ke sang

CODE OF CONDUCT OF INDEPENDENT DIRECTORS

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CODE OF CONDUCT OF INDEPENDENT DIRECTORS

INTRODUCTION AND OBJECTIVE

This Code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

The present policy shall dwell upon the aspects relating to adherence to 'fit and proper' criteria in the appointment of Independent Directors including compliance of Master Directions of RBI on corporate governance, role and responsibilities, the guidelines on code of conduct as per Schedule IV of the Companies Act, 2013, criteria for performance evaluations and the role of Nomination and Remuneration Committee (NRC) of the Board of Directors in dealing with all related issues and making their recommendation to Board for approval.

An Independent Director is a non-executive director of a company who brings in objectivity and independence in the decision making by the Board of Directors of the company. As an Independent Director, he should be qualified as per Section 149 (6) of the Companies Act, 2013 and rules made thereunder. An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business. An Independent Director shall help in bringing an independent judgment to bear on the board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

The Board has constituted Nomination and Remuneration Committee as required under statutory regulations & guidelines to facilitate the smooth & efficient flow of decision-making process. The Independent Director may be inducted to serve as Chairman/ Member on any of the committee (s) as may be constituted from time to time. Their appointment on such Committee(s) shall be subject to applicable law.

APPOINTMENT OF INDEPENDENT DIRECTORS:

As per the provisions of Section 149(10) of the Companies Act, 2013 Independent Directors shall be appointed for a fixed term not exceeding a maximum term of 5 years at a time and shall be eligible for re-appointment on passing of a special resolution by

the company in its General Meeting and disclosure of the such appointment in the Board's Report. Further, as per section 149(11) of the Companies Act, 2013 an independent Director can be appointed only for two consecutive terms of 5 years. After two consecutive terms he/ she can be reappointed only after expiry of 3 years. During that period (i.e during the period of 3 years), the Director should not have any direct/ indirect relationship with the Company.

In case the Director is appointed for a term shorter than 5 years at a time, it shall still be considered a complete term for determining two consecutive terms.

Criteria for appointment:

According to the Master Directions of RBI applicable to Housing Finance Companies; all HFCs shall form a Nomination and Remuneration Committee and have a policy to ensure 'fit and proper' status of proposed/ existing directors. The NRC shall ensure that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats.

The NRC constituted shall have the same powers, functions and duties as laid down in relevant provisions of Section 178 of the Companies Act, 2013. Accordingly, the NRC should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as an Independent Director on the Board. The Company shall take into account following points while conducting such due diligence:

- Director must be 'Fit and Proper' for appointment as an Independent Director on Board;
- Director must have relevant qualification and/ or expertise and/ or track record in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business;
- Director should possess the highest personal and professional ethics, integrity and values;
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities;
- The Nomination and Remuneration Committee may demand for any more information as it may deem necessary to conduct the due diligence;
- Independent Director should meet all criteria of Independence specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder. Thereafter it shall recommend to the Board of Directors of the company for its approval and for recommendation of the same to the shareholders of the company.

CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

All the Independent Directors are required to abide by the Code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013 for fulfilling their responsibilities in a professional and faithful manner which in turn will promote confidence of the investment community, regulators and shareholders of the company. This code serves as a guide to professional conduct for Independent Directors.

Guidelines for Professional Conduct:

An independent director shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his duties;
- exercise his responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- assist the company in implementing the best corporate governance practices.

Role and Functions:

The Independent Directors shall:

- help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommend removal of Executive Directors, Key Managerial Personnel and Senior Management;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Duties:

The Independent Directors shall—

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

- not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Manner of appointment:

(1) Appointment process of Independent Directors shall be independent of the company management; while selecting Independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) Upon the recommendation of the NRC, the appointment of Independent Directors(s) of the company shall be done at the meeting of the Board of Directors, however subject to the approval of the shareholders in their meeting.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of Independent Director shall include a statement that in the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:

- the term of appointment;
- the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
- the fiduciary duties that come with such an appointment along with accompanying liabilities;
- provision for Directors and Officers (*D and O*) insurance, if any;
- the Code of Business Ethics that the company expects its directors and employees to follow;
- the list of actions that a director should not do while functioning as such in the company; and
- the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

Re-appointment

The re-appointment of Independent Director shall be on the basis of report of performance evaluation.

Committees

The Board of Directors may, if it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Their appointment on such Committee(s) will be subject to the applicable regulations.

Resignation or removal

- The resignation or removal of an Independent Director shall be in the same manner as is provided in Section 168 and 169 of the Act.
- An Independent Director who resigns or is removed from the Board of the company shall be replaced by a new Independent Director within three (3) months from the date of such resignation or removal, as the case may be.
- Where the company fulfils the requirement of Independent Director in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

Separate meetings

(1) The Independent Directors of the company shall hold at least one meeting in a financial year, without the attendance of non-Independent Directors and members of the management;

(2) All the Independent Directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

- review the performance of non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the company, taking into account the views of Executive Directors and Non-Executive Directors;

- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation mechanism

- The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Remuneration

Independent Directors may be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees and profit related commissions as may be decided by the board on the recommendation of NRC from time to time, subject to the approval of the shareholders, if required. Further the company may pay or reimburse to them such fair and reasonable expenditure, as may have incurred by them while performing their role as an Independent Director of the company, however they shall not be entitled to any stock options.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Purpose

The purpose of familiarization programme is to provide Independent Directors with an overview of the Company's Operations, policies, business environment, and their roles and responsibilities, in order to enable them to contribute effectively to the Company's Board and Committees.

This Programme is designed to assist the Independent Directors in understanding the nature of the industry in which the company operates, its business model, strategic priorities, risk management framework, regulatory landscape and the expectations of various stakeholders.

It also aims to provide insights into the company's culture, values and governance practices and to keep Independent Directors informed about their rights, duties and obligations under applicable laws including the Companies Act and other relevant statutory requirements.

Through continuous updates and structured sessions, the programme ensures that

Independent Directors are equipped with the necessary knowledge and understanding to discharge their functions effectively and make informed decisions that align with the company's long-term vision and goals.

Familiarization Program

- The Company shall through its Executive Directors or Senior Managerial Personnel conduct programs / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- The programs / presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- The programs / presentations shall familiarize the Independent Directors with their roles, rights and responsibilities.
- The Company may circulate news and articles related to the industry on a timely basis and may provide specific regulatory updates from time to time.
- At the time of appointing an Independent Director, a formal letter of appointment is given to him/ her, which inter alia explains the role, function, duties and responsibilities expected of him/ her as a Director of the Company.
- The Company may conduct an introductory familiarization program / presentation, when a new Independent Director comes on the Board of the Company.
- The Company may conduct workshops for Independent Directors or may sponsor training or knowledge sessions to update the Independent Directors on compliance, economic and industry practices.

POLICY REVIEW/AMENDMENT

This Policy may be reviewed on annual basis by the Nomination and Remuneration Committee and may be amended from time to time subject to the approval of Board to ensure its relevance to the prevailing business/regulatory requirements.