

Sattva Holding and Trading Private Limited

POLICY ON APPOINTMENT AND INDEPENDENCE OF CHIEF RISK OFFICER (CRO)

Version 1.0
(Version Date: 11th February, 2022)

Sattva Holding and Trading Private Limited (Sattva or the Company) being the Company with asset size of more than Rs. 5,000 crore shall appoint a CRO with clearly specified roles and responsibilities.

The CRO is required to function independently so as to ensure highest standards of risk management.

The Company shall strictly adhere to the following instructions in this regard:

1. The CRO shall be a senior official in the hierarchy of the Company and shall possess adequate professional qualification/ experience in the area of risk management.
2. The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/ removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/ removal shall be reported to the Department of Supervision of the Regional Office of the Bank under whose jurisdiction the Company is registered.
3. The intimation regards to the change in the CRO shall also be reported to the stock exchanges, as the Company is Debt Listed Entity.
4. To protect the independence of CRO, the CRO shall have direct reporting lines to the MD or CEO/ to the Board. In case the CRO reports to the MD & CEO, the Board shall meet the CRO without the presence of the MD & CEO, at least on a quarterly basis. The CRO shall not have any reporting relationship with the business verticals of the Company and shall not be given any business targets. Further, there shall not be any 'dual hatting' i.e. the CRO shall not be given any other responsibility.
5. The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to being an advisor.
6. The Company shall involve CRO for credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, the CRO shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal.
7. The CRO shall be the member of Group Risk Management Committee (GRMC).
8. Based on the analyses and recommendations of the GRMC, CICs shall initiate corrective action, where necessary. CRO shall initiate such corrective action.
9. The CRO shall be an independent person pursuant to the Master Directions issued by Reserve Bank of India on appointment of Chief Risk Officer, who shall not be involved

in the day-to-day operations of the Company and shall be eligible to provide an independent judgement on all the areas involving risks. Looking at the current size of operations and employees in the Company, there is no need to build a team for assistance of CRO. However, the same may be considered if need arises.

10. Matters pertaining to CRO requiring attention of CEO/ CFO or the Board, can be escalated to the CEO/ CFO of the Company who shall further escalate the same to the Board of Directors for their action.
