SNAPMINT FINANCIAL SERVICES PRIVATE LIMITED

Compliance Policy

Version 1

Document review and approval

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1. Preamble

Snapmint Financial Services Private Limited **("SFSPL" or the 'Company')** is a Non-Banking Financial Company **("NBFC")** registered with Reserve Bank of India **("RBI")**. The Company has grown to Middle Layer NBFC under Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 **("RBI Master Directions") based on the Asset size having crossed Rs.1000 Crs effective 01 Sept 2026**

The Reserve Bank of India ('RBI') vide its Reserve Bank of India (Non-Banking Financial Companies – Compliance Function) Directions, 2026 dated July 31, 2026 **("Directions")** outlines that Middle Layer ('**NBFC-ML**') would be required, inter alia, to have an independent Compliance Function and a Chief Compliance Officer ('**CCO**').

Since Compliance Function is an integral part of effective governance, along with the internal control and risk management processes and serves a critical role, RBI has introduced certain principles, standards and procedures for Compliance Function in NBFC-ML, keeping in view the principles of proportionality.

As per the above Directions NBFC-ML are required to put in place a Board approved policy for the Compliance Function, including the appointment of a Chief Compliance Officer (CCO).

2. Objectives:

The Compliance Policy reflects the commitment of the Company to conduct its business in accordance with the applicable rules, guidelines, regulations, codes etc both in letter and spirit. The key objectives of the Compliance Policy are to:

a) Clearly spell out the Company's Compliance philosophy and expectations on compliance culture;
b) Define the structure and role of the compliance function, corporate oversight and guidance for compliance activities;
c) Improve efficiency and effectiveness;
d) Set up a robust Compliance Framework;
e) Define the role of Chief Compliance Officer;
f) Define the processes for identifying, assessing, monitoring, managing, and reporting on compliance risk
g) To put in place appropriate controls for detection and reporting of non-compliances to the applicable laws/laid down procedures;
h) To comply with applicable laws and regulatory guidelines;
i) Increased employee awareness of regulatory compliance requirements and issues;
j) To take necessary steps to ensure that the staff concerned are adequately trained in compliance procedures.

3. Definitions:

- **Compliance risk** - is 'the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Company may suffer, as a result of its failure to comply with laws, regulations, rules and codes of conduct, etc., applicable to its activities.
- **Senior Management -** shall mean personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management including functional heads who are one level below the executive directors.

4. Compliance Philosophy:

Compliance Function shall ensure strict observance of all statutory and regulatory requirements for the NBFC, including standards of market conduct, managing conflict of interest, treating customers fairly and ensuring the suitability of customer service.

The key aspects of the Compliance Philosophy of the Company are as under:

(a) . The Board of Directors of the Company is responsible for overseeing the management of compliance risk and implementation of the Compliance risk management framework across the Company.

(b) Compliance is the responsibility of every individual in the Company, and it is necessary for all staff to be aware and adhere to the applicable laws and regulations. The First Line of Defence (Business & Operations) shall ensure compliance is embedded within the products/ processes owned by them, while Compliance Department as the Second Line of Defence shall have oversight on day-to-day operations of the Company in the form of control frameworks, policies, testing to ensure adequate compliance monitoring and compliance risk management. The Third Line of Defence (Internal Audit) shall provide assurance to the Board and/ or Audit Committee of the Board ("ACB") with respect to effectiveness of overall compliance risk management framework.

(c) The Company shall promote awareness of compliance obligations and ethical values to maintain an appropriate compliance culture throughout its businesses, through regular dissemination of compliance related information & trainings. Compliance shall not be seen as an activity of the Compliance Department alone but as a culture that shall pervade across the Company. The Company shall focus on re-emphasizing compliance culture through regular compliance trainings, appropriate disciplinary measures through staff accountability and promoting compliance as a culture.

(d) The Compliance Department shall be an independent function and shall objectively assess and express its views on the policies and practices of other functions/ businesses in relation to compliance.

(e) The Company shall have open lines of communication, both upward and downward so as to enable the staff to voice their concerns on actual/ potential compliance breaches irrespective of the hierarchy.

(f) The Compliance Department shall work in close coordination with other departments within the Company to manage compliance risks efficiently and effectively.

(g) The Company shall factor relevant parameters relating to Compliance risk management in the overall performance management of its employees so that all staff members prioritize compliance.

5. Compliance Culture and Expectations

With a view to further strengthen Compliance framework, the Company shall consistently endeavor and take steps to promote the compliance culture with the organization. The Company, through its

Senior Management, Compliance Department and other relevant departments, periodically and as & when required, shall disseminate various applicable instructions along with important updates within the Company to ensure compliance with the provisions of the law/ regulations/ guidelines by its employees/ representatives.

The responsibility of compliance should be owned by each of the employees of the Company as compliance with laws, regulations, rules and codes of conduct is not only responsibility of the Compliance Department but the Company's entire management and employees. Compliance by the Company's employees at all levels shall be strongly emphasized and, wherever required, proper training in this regard shall be imparted at regular intervals.

Accountability for compliance failure shall also be established wherever required and a system of weightage for compliance performance shall be explored for performance appraisal of all employees. Accordingly, the culture of ensuring compliance by all in the Company shall be established, promoted, and must prevail all the time at all levels.

6. Organisation & Team Structure

The Compliance Department shall be headed by the Chief Compliance Officer and shall be sufficiently resourced. The Compliance Department shall be independent and its responsibilities have been clearly specified. The Compliance Department activities shall be subject to periodic and independent review. Apart from having a team with basic qualifications and practical experience in business lines / audit & inspection functions, Compliance Department also shall have adequate staff members with knowledge of statutory / regulatory prescriptions, law, accountancy, risk management, information technology, etc. Appropriate succession planning shall be ensured to avoid any future skill gap.

Though the staff in the Compliance Department shall primarily focus on Compliance Functions, they however may be assigned some other duties while ensuring that there is no conflict of interest.

6.1 Roles & Responsibilities of Compliance Function

Compliance Function shall be responsible for implementation of the Compliance Policy. It shall ensure overall oversight and be responsible for undertaking the following key activities at the minimum:

i. Assist the Board and the Senior Management in overseeing the implementation of Compliance Policy, including Standard Operating Procedures('SOPs'), Compliance Manuals, internal codes of conduct, etc.
ii. Play the central role in identifying the level of Compliance risk in the organisation. The Compliance risks in existing / new products and processes shall be analysed and appropriate risk mitigants are put in place.
iii. Subject all new products to intensive monitoring for at least the first six months of introduction to ensure that the indicative parameters of Compliance risk are adequately monitored.
iv. Prepare a detailed Annual Compliance Plan for the Company at the beginning of every financial year and put the same before the Board for review and approval. This will ensure a strong compliance risk management programme.
v. The Compliance Function shall monitor the implementation of the Annual Plan throughout the year. It shall submit a half yearly Compliance Review Report, based on the above-mentioned plan, to the senior management, as well as the Board/Audit Committee.
vi. The Compliance Function shall be responsible for conducting an Annual Review of Compliance Risk and submitting the report to senior management, as well as the Board/Audit Committee.
vii. The Compliance Function and the CCO shall carry out surprise checks/tests of compliances in each department at least once in six months, or as prescribed, and submit the report to the Board/Audit Committee.
viii. The Compliance Function shall periodically circulate the instances of compliance failures among employees and Head of Departments (HODs), along with the required preventive instructions. Individual accountability shall be examined for major Compliance failures.
Instances of any material Compliance failure shall be reported promptly to the Senior Management and the Board/Audit Committee.
ix. The Compliance Function will be responsible for compliance with regulatory/ supervisory

directions given by RBI in both letter and spirit in a time-bound and sustainable manner. Further, they will be responsible for forming an effective Compliance Program where all Risk Mitigation Plan (RMP) / Monitorable Action Plan (MAP) points are complied with within the timelines prescribed, as per RBI's expectations.

x. Compliance to RBI inspection reports shall be communicated to RBI necessarily through the office of Compliance Function.

xi. To bring to the notice of RBI any discomfort conveyed to the Company on any issue by other regulators, and/or any action taken by any other authorities/law enforcement agencies.

xii. Attend to compliance with directions from regulators other than RBI under whose supervision the Company operates. Further, discomfort conveyed to the NBFC on any issue by other regulators, and action taken by any other authorities / law enforcement agencies, shall be brought to the notice of RBI.

xiii. The HOD/departments responsible for complying with respective statutory and regulatory requirements shall continue to hold prime responsibility for their respective areas; however, the Compliance Function would need to ensure overall oversight.

xiv. The Compliance Function will set up a mechanism for dissemination of information on new/changes to RBI related regulatory guidelines among concerned functions.

xv. The Compliance Function shall serve as a reference point for the employees from operational departments for seeking clarifications / interpretation of various RBI guidelines and circulars. It shall be responsible for educating and guiding the employees in discharging their respective compliance obligations.

xvi. The Compliance Department will also be coordinating with employees from operational departments seeking clarifications / interpretation of various regulatory and statutory guidelines other than of RBI.

7. Chief Compliance Officer (CCO)

CCO shall be the head of the Compliance Function. He/she shall be responsible for developing a robust Compliance Framework across the organisation.

7.1 Roles & Responsibility of the CCO

i. Shall be the nodal point of contact between the Company and the regulators/supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI;

ii. Supervise the activities of other compliance function staff;

iii. Approving compliance manuals for various functions;

iv. Responsible for issuing internal guidelines/memos/instructions to relevant functions in the organisation, whenever necessary, to ensure compliance with RBI requirements;

v. The CCO shall monitor such areas of deficiencies or compliance breaches, which are likely to have wide spread and frequent recurrence, and flag them to the Senior Management and the HODs for taking necessary corrective measures.

vi. There shall not be any 'dual hatting,' i.e., the CCO shall not be given any responsibility which brings elements of conflict of interest, especially any role relating to business.

vii. The CCO shall not be a member of any committee which conflicts her/his role as CCO with responsibility as a member of the committee, including any committee dealing with purchases/sanctions. In case the CCO is a member of any such committee, it would only be an advisory role.

viii. The CCO shall be a member of any 'new product' committee/s to ensure that all the new products and processes (SOPs) have clearance from compliance perspective prior to their introduction. The CCO shall ensure that all new products are subjected to intensive monitoring for at least the first six months of introduction to ensure that the indicative parameters of Compliance risk are adequately monitored.

ix. The CCO shall, based on representations made by respective HODs submit a Quarterly Compliance Certificate to the Board/Audit Committee highlighting the areas of key non-compliances in respect of RBI requirements, SEBI and MCA regulations and any significant/ material breaches with respect to other regulators and agencies.

x. Core mandate of CCO will include the design and maintenance of compliance framework, training on the regulatory requirements and related risks of non-compliance, effective communication of compliance expectations and to act as a focal point for RBI

xi. Compliance to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function.

7.2 Appointment & Tenure of CCO

i. **Tenure:** The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. However, in exceptional cases, the Board / Audit Committee may relax the minimum tenure by one year with proper justification, provided appropriate succession planning is put in place;

ii. **Removal:** The CCO shall be transferred / removed before completion of the tenure only in exceptional circumstances, with the explicit prior approval of the Board / Audit Committee, after following a well-defined and transparent internal administrative procedure;

Rank: The CCO shall be a senior executive of the Company with a position not below two levels from the CEO/Board.

iii. **Skills:** The CCO shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to Supervisory expectations;

iv. **Stature:** The CCO shall have the ability to exercise judgment independently. She / He shall have the freedom and authority to interact with regulators / supervisors directly and ensure compliance;

v. **Conduct:** CCO shall have a clean track record and unquestionable integrity;

vi. **Selection Process:** Selection of the candidate for the post of the CCO shall be made based on a well-defined selection process and recommendations made by a committee constituted by the Board / Audit Committee for the purpose. The Board / Audit Committee shall take final decision in the appointment of CCO;

vii. **Reporting Requirements:** A prior intimation to the Senior Supervisory Manager, Department of Supervision, Reserve Bank of India, shall be provided before appointment, premature transfer, resignation, early retirement or removal of the CCO. Such information shall be supported by a detailed profile of the candidate along with the 'Fit and Proper' certification by the MD & CEO of the Company confirming that the person meets the prescribed supervisory requirements and rationale for changes, if any. 'Fit and Proper' criteria may be examined based on the requirements spelt out in these Directions.

viii. **Reporting Line:** The CCO shall have direct reporting lines to the MD & CEO and / or Board / Audit Committee. In case the CCO reports to the MD & CEO, the Board / Audit Committee shall meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including MD & CEO. The CCO shall not have any reporting relationship with the business verticals. Further, the performance appraisal of the CCO shall be reviewed by the Board / Audit Committee.

8. Independence of Compliance Function & CCO

The Company shall ensure independence of CCO and other employees in the Compliance Department to avoid conflict of interest. The Compliance Function will have the right to freely disclose findings and views to senior management, Board/ Audit Committee.

9. Authority and Access to Information

The CCO and Compliance Function shall have the authority to communicate with all employees and have access to all records or files that are necessary to enable her/him to carry out entrusted responsibilities in respect of Compliance issues.

10. Responsibility of the Board and Senior Management

10.1 The Board / Audit Committee shall ensure that an appropriate Compliance Policy is put in

place and implemented. The implementation of the policy shall be supervised by the Audit Committee, in a time-bound manner.

10.2 The Board/Audit Committee shall perform an Annual Review of Compliance Risk

10.3 The Senior Management along with the Compliance Function shall put up the Annual Compliance Plan for the forthcoming financial year to the Board/ Audit Committee.

10.4 The Senior Management shall submit to the Board/ Audit Committee a half yearly report based on the review of compliance as per the Annual Plan.

10.5 The Senior Management shall carry out an exercise, at least once a year, to identify and assess the major Compliance Risk facing the organisation and formulate plans to manage it. The annual review shall ensure coverage of at least the following aspects:

i. Compliance failures, if any, during the preceding year and consequential losses and regulatory action, as also steps taken to avoid recurrence of the same;
ii. Listing of all major regulatory guidelines issued during the preceding year and steps taken to ensure compliance;
iii. Compliance with fair practices codes and adherence to standards set by self-regulatory bodies and accounting standards; and
iv. Progress in the rectification of significant deficiencies and implementation of recommendations pointed out in various audits and RBI inspection reports.

10.6 The Senior Management shall report promptly to the Board/Audit Committee on any material Compliance failure while ensuring that appropriate remedial or disciplinary action is taken.

11. Compliance Risk Framework

11.1 The company shall formulate a Compliance Risk Assessment Framework. The framework shall outline the processes for identifying, assessing, monitoring, managing, and reporting on Compliance risk.

11.2 The company shall carry out an annual Compliance Risk Assessment in order to identify and assess major Compliance risks faced by them and prepare a plan to manage the risks. The findings of the Risk Assessment and change in risk profile etc. shall be submitted to the Senior Management and to the Board / Audit Committee by the Compliance Function.

11.3 The process flow of the Compliance Risk Assessment shall be as follows:

a) Identification and listing of the compliance failures which occurred during the review period, this would include lapses in areas of regulatory/statutory, legal, accountancy, risk management, information technology, etc;
b) Specifying the consequential losses and regulatory action taken for the respective compliance failures;
c) Listing down the steps that has been taken to avoid recurrence of the aforesaid compliance failures;
d) Listing of all major regulatory guidelines issued during the review period;
e) Listing down the steps taken and identifying the department or committee or personnel responsible to ensure compliance with the major regulatory amendments;
f) Review of the practices followed by the Company as per the adopted fair practices codes;
g) Review of the practices followed by the Company as per the standards set by self-regulatory bodies and accounting standards, to the extent applicable on the Company;
h) Listing of significant deficiencies pointed out in various audits and RBI inspection reports;
i) Review of the progress in the rectification of aforesaid deficiencies and implementation of recommendations.

11.4 The Compliance function shall effectively monitor that the RBI guidelines and regulations are complied with and the deficiencies are rectified with a view to reduce Compliance Risk.

12. Responsibility of Business & Support Functions

12.1 The Compliance function shall be responsible for identifying and communicating relevant RBI related regulatory requirements to the respective business and support functions on a timely basis for enabling them to update the relevant policies and procedures for capturing the effect of the regulatory changes/updates.

12.2 The business and support functions, in turn, shall be responsible for converting the regulatory changes and new guidelines into internal policies. For implementation and effective management of these policies, the respective functions shall develop and maintain SOPs/Manuals, and update them regularly as required.

12.3 All HODs and their teams are required to follow this Compliance Policy, along with other approved policies and Standard Operating Procedures (SOPs) of the organisation, to ensure compliance with RBI, SEBI and MCA regulations, as applicable to their respective roles and functions.

12.4 All HODs shall submit periodically the Report/Representations to the CCO highlighting non-compliances/delays, if applicable, in their respective areas in relation to:-

a) RBI compliances and/or requirements.
b) Significant or material adverse comments/findings/notice of regulators or agencies other than RBI.

12.5 The Company Secretary and/or the Secretarial Department shall submit a Report to the CCO periodically highlighting details of the following in relation to SEBI and MCA Regulations:-

a) Details of Non-compliances and/or delays, if any.
b) Details of material compliance failures, if any, in relation to these regulations.
c) Significant or material adverse comments/findings/notice of the regulators or agencies (other than RBI).

13. Internal Audit and Independent Review

13.1 The activities of the Compliance Function shall be subject to regular audit by the Internal Audit Department.

13.2 Compliance Risk shall be included in the Risk Assessment Framework of the Internal Audit function.

13.3 The CCO shall be kept informed of audit findings, which shall serve as a feedback mechanism for assessing the areas of Compliance breaches and failures.

14. Review

The policy shall be reviewed at least once in a year or as and when required to comply with guidelines issued by RBI, from time to time.