
CLIMATE FINANCE INDIA PRIVATE LIMITED

Fit and Proper Status Criteria Policy

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1. Introduction

This policy has been framed as required by Climate Finance India Limited (hereinafter referred to as “company”) under the Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions vide its circular no. *RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26*.

This Policy shall be followed during the selection of the Company’s Directors. It ensures that the Directors responsible for managing the Company are fit and proper and possess the necessary qualifications.

2. Objective

As a responsible Financial Institution, we are committed to conducting our business in a fair, transparent, and ethical manner. The objective of this policy is to implement uniformity in the process of due diligence while appointment of the directors to the Board and thereafter on ongoing basis. This process assesses suitability based on qualifications, technical expertise, track record, integrity, and other relevant factors. The key objectives of this policy include:

- i. Ensuring compliance with applicable laws, regulations and the ‘Fit and Proper criteria’ for directors
- ii. To ensure that each Director to be appointed or already appointed understands, the Policy and their obligation to continue to meet the requirements of the Policy
- iii. Appointing individuals with high calibre, experience and appropriate qualifications as directors.
- iv. Establishing an internal supervisory mechanism for continuous monitoring

Note: RBI reserves the right to examine the ‘fit and proper’ status of directors of the Company irrespective of its asset size, if it so deems fit in public interest.

3. Key Considerations

At least one of the directors of the company shall have relevant experience of having worked in a bank or an NBFC.

The Company shall obtain prior written permission of RBI for any change in the management, which would result in change in more than 30 percent of the directors, excluding independent directors

An application for change in management shall be made on the company’s letter head, for obtaining prior approval of RBI. Applications in this regard shall be submitted to RBI through PRAVAAH portal (<https://pravaah.rbi.org.in>) along with the documents (including Annexure I) indicated under the relevant process on the portal

Note :- prior approval would not be required in case of directors who get re-elected on retirement by rotation.

4. Due Diligence requirements

To streamline and bring in uniformity in the process of due diligence,:

- i. The Company shall undertake a process of due diligence to determine the suitability of a person for appointment / renewal of appointment as a director on the Board, based upon qualification, technical expertise, track record, integrity and other ‘fit and proper’ criteria.

For this purpose, the Company shall obtain necessary information and declaration from the proposed / existing directors in the format given in Annexure II.

At the time of appointment / renewal of appointment. The Company will undertake the process of due diligence i.e. the Scrutiny of Independent Directors declarations, documentary verification of other information, including that on inputs received from external agencies will be done by the Company Secretary and / or the Compliance Officer

- ii. The company Shall ensure that aforementioned declarations are scrutinized by the Nomination and Remuneration Committee (NRC).

Based on the information provided in the signed declaration, the due diligence carried out and the additional skill set(s) estimated as needed at the board, and interactions, if any, the NRC shall decide on the acceptance or otherwise of the Directors, where considered necessary.

- iii. Obtain annually, as on March 31, a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, ensure that requisite details are furnished by them forthwith.
- iv. Ensure, in public interest, that the Directors execute the Deeds of Covenants in the format given in Annexure III.

4. Criteria for appointment

The NRC shall review the following 'Fit and Proper' criteria before the appointment of a person as Director and on a continuing basis thereafter:

- i. Whether the Director / Person is qualified to be appointed as Director or not attracting any disqualifications as prescribed under various provisions of Companies Act, 2013 and other applicable rules and regulations.
- ii. Whether any Proceedings have been initiated against the Director / Person in the past and /or pending as on date involving any civil, criminal, economic offence, taxation authorities or relating to any other regulatory body such as SEBI, IRDA, MCA etc.
- iii. Whether the Director / Person or the entities in which he is interested have been subject to any investigation at the instance of any Government Department or Agency.
- iv. Whether the Director / Person or the entities in which the person is interested have been prosecuted / convicted for the violation of any laws and regulations.
- v. The Director / Person either:
 - has no conflict of interest in performing such person's duties as a director on the Board; or
 - if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.
- vi. The NRC will assess and evaluate the eligibility of the person based on the above-mentioned fit and proper criteria before the appointment or any renewal of appointment of Director(s).

5. Reporting

The Company shall furnish to RBI, on a quarterly basis,

- i. a statement on change of directors, and
- ii. a certificate from its Managing Director / CEO that 'fit and proper criteria' in selection of the directors has been followed.

In this regard, it shall be ensured that:

- i. the statement reaches the Regional Office of the Department of Supervision of RBI where the company is registered, within 15 days of the close of the respective quarter
- ii. the statement for the quarter ending March 31, is certified by the auditors.

6. Record Maintenance

The Company shall maintain proper record of the due diligence process, declarations, covenants, and documents obtained from Directors as evidence of compliance with the Fit and Proper Criteria, which shall be made available for RBI's supervisory review, if required.

7. Policy review

The Policy will be reviewed by the Board and amended as and when required or at least once every year for incorporating changes and regulatory updates to the Policy.

In case of any inconsistency between the provisions of this Policy and applicable regulations, the regulations shall prevail and supersede the Policy.

References

References to key RBI circulars

No.	Circular	Latest Issue Date
1	Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions	November 28, 2025

INFORMATION ABOUT THE PROPOSED DIRECTOR/S OF THE NBFC

Name of the Company: _____

INFORMATION ABOUT THE PROPOSED DIRECTOR/S OF THE NBFC		
Sr.No.	Particulars Required	Response
1.	Name	
2.	Designation	Chairman / Managing Director / Director
3.	Nationality	
4.	Age (to be substantiated with date of birth)	
5.	Business Address	
6.	Residential Address	
7.	E-mail address / Telephone number	
8.	PAN under the Income Tax Act, 1961	
9.	Director Identification Number (DIN)	
10.	Social security number/Passport No.*	
11.	Educational / professional qualifications	
12.	Professional Achievement relevant to the job	
13.	Line of business or vocation	
14.	Any other information relevant to the NBFC	
15.	Name/s of other companies in which the person has held the post of Chairman / Managing Director / Director / Chief Executive Officer	

16.	Name/s of the regulators (RBI, SEBI, IRDA, PFRDA, NHB or any other foreign regulator) of the entities mentioned in which the persons hold directorships	
17.	Name/s of the NBFCs, if any, with which the person is associated as Promoter, Managing Director, Chairman or Director, including a Residuary Non- Banking Financial Company, which has been prohibited from accepting deposits/ prosecuted by the Reserve Bank	
18.	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the person and/or against any of the entities he is associated with for violation of economic laws and regulations	
19.	Cases, if any, where the person or relatives of the person or the companies in which the person is associated with, are in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
20.	If the person is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he / she has been banned from entry of any professional occupation at any time	
21.	Whether the person attracts any of the disqualification envisaged under section 164 of the Companies Act, 2013?	
22.	Has the person or any of the companies, he/she is associated with, been subject to any investigation at the instance of the Government Department or Agency?	
23.	Has the person at any time been found guilty of violations of rules / regulations / legislative requirements by Customs / Excise / Income Tax / Foreign Exchange / Other Revenue Authorities? If so, give particulars	
24.	Experience in the business of NBFC (number of years)	
25.	Equity shareholding in the NBFC	

(i)	No. of shares
(ii)	Face value	₹.....
(iii)	Percentage to total paid-up equity share capital of the company
26.	Name/s of the companies, firms and proprietary concerns in which the person holds substantial interest	
27.	Names of the principal bankers to the concerns at 26 above	
28.	Names of the overseas bankers (For foreign directors)	
29.	Whether number of directorships held by the person exceeds the limits prescribed under section 165 of the Companies Act, 2013	

Place: _____

Signature :- _____

Date: _____

Name :- _____

Designation :- _____

Co. Seal :-

Declaration and Undertaking by Director

Name of the Company: ____

Declaration and Undertaking by Director (with enclosures as appropriate as on _____)

I.	Personal details of director		
	a.	Full name	
	b.	Date of Birth	
	c.	Educational Qualifications	
	d.	Relevant Background and Experience	
	e.	Permanent Address	
	f.	Present Address	
	g.	E-mail Address/ Telephone number	
	h.	Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle	
	i.	Relevant knowledge and experience	
	j.	Any other information relevant to Directorship of the Company	
II.	Relevant Relationships of director		
	a.	List of Relatives if any who are connected with the Company (Refer Section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	
	b.	List of entities in which he/she is considered as being interested (Refer Section 299(3)(a) and Section 300 of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	

	c.	List of entities in which he/she is considered as holding substantial interest as contained in Definitions in Chapter I of the Master Directions	
	d.	Name of the Company in which he/she is or has been a member of the board (giving details of period during which such office was held)	
	e.	Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the Company	
	f.	Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the Company or any other company /bank	
III.	Records of professional achievements		
	a.	Relevant professional achievements	
IV.	Proceedings, if any, against the director		
	a.	If the director is a member of a professional association/ body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/occupation at any time	
	b.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.	
	c.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
	d.	Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013	
	e.	Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	

	f.	Has the director at any time been found guilty of violation of rules/regulations/legislative requirements by customs/excise/income tax/foreign exchange/other revenue authorities, if so, give particulars	
	g.	Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.	
		(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, if the order of the regulator is temporarily stayed and the appellate/court proceedings are pending, the same also should be mentioned.)	
V.		Any other explanation/information in regard to items I to III and other information considered relevant for judging fit and proper	

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenant required to be executed by all directions of the Company.

Place:

Signature

Date:

VI. Remarks of Chairman of Nomination Committee/Board of Directors of the Company

Place:

Signature

Date:

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this _____ day of _____
 Two thousand _____ **BETWEEN** _____,
 having its registered office at _____
 (hereinafter called the "Company") of the one part and Mr./Ms. _____
 of _____ (hereinafter called the "Director") of the other part.

WHEREAS

1. The director has been appointed as a director on the Board of Directors of the Company (hereinafter called "the Board") and is required as a term of his/her appointment to enter into a Deed of Covenants with the Company.
2. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

- I. The director acknowledges that his/her appointment as a director on the Board of the Company is subject to applicable laws and regulations including the Memorandum and Articles of Association of the Company and the provisions of this Deed of Covenants.
- II. The director covenants with the Company that:
 - a. The director shall disclose to the Board the nature of his/her interest, direct or indirect, if he/she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the Company and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he/she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
 - b. The director shall disclose by general notice to the Board his/her other directorships, his/her memberships of bodies corporate, his/her interest in other entities and his/her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
 - c. The director shall provide to the Company a list of his/her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.
 - d. The director shall in carrying on his/her duties as director of the Company:

- i. Use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;
- ii. In the performance of his/her duties take such care as he/she might be reasonably expected to take on his/her own behalf and exercise any power vested in him/her in good faith and in the interests of the Company;
- iii. shall keep himself /herself informed about the business, activities, and financial status of the Company to the extent disclosed to him/her;
- iv. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his/her obligations as a director of the Company;
- v. shall not seek to influence any decision of the Board for any consideration other than in the interests of the Board;
- vi. shall bring independent judgement to bear on all matters affecting the Company brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments, and standards of control;
- vii. shall in exercise of his/her judgement in matters brought before the Board or entrusted to him/her by the Board be free from any business or other relationship which could materially interfere with the exercise of his/her independent judgement; and
- viii. shall express his/her views and opinion at Board meetings without any fear or favor and without any influence on exercise of his /her independent judgement.

e. The director shall have:

- i. Fiduciary duty to act in good faith and in the interests of the Company and not for any collateral purpose;
- ii. Duty to act only within the powers as laid down by the Company's Memorandum and Articles of Association and by applicable laws and regulations; and
- iii. Duty to acquire proper understanding of the business of the Company.

f. The director shall:

- i. not evade responsibility in regard to matters entrusted to him/her by the Board;
- ii. not interfere in the performance of their duties by the whole-time directors and other officers of the Company and wherever the director has reasons to believe otherwise, he/she shall forthwith disclose his/her concerns to the Board; and
- iii. not make improper use of information disclosed to him/her as a member of the Board for his/her or someone else's advantage or benefit and shall use the information disclosed to him/her by the Company in his/her capacity as director of the Company only for the purposes of performance of his/her duties as a director and not for any other purpose.

III. The Company covenants with the director that:

a. The Company shall apprise the director about:

- i. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
- ii. control systems and procedures;
- iii. voting rights at Board meetings including matters in which Director should not participate

because of his / her interest, direct or indirect therein;

- iv. qualification requirements and provide copies of Memorandum and Articles of Association;
- v. corporate policies and procedures;
- vi. insider dealing restrictions;
- vii. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
- viii. appointments of Senior Executives and their authority;
- ix. remuneration policy,
- x. deliberations of committees of the Board, and
- xi. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the Company, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

b. The Company shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the Company and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;

c. The disclosures to be made by the Company to the directors shall include but not be limited to the following:

- i. all relevant information for taking informed decisions in respect of matters brought before the Board;
- ii. Company's strategic and business plans and forecasts;
- iii. organizational structure of the Company and delegation of authority;
- iv. corporate and management controls and systems including procedures;
- v. economic features and marketing environment;
- vi. information and updates as appropriate on Company's products;
- vii. information and updates on major expenditure;
- viii. periodic reviews of performance of the Company; and
- ix. report periodically about implementation of strategic initiatives and plans;

d. the Company shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within seven business days of the date of conclusion of the Board meeting; and

e. advises the director about the levels of authority delegated in matters placed before the Board.

IV. The Company shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

V. The Company shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to

the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

- VI. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the Company to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the Company.
- VII. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge, or compliance thereof at any time or times thereafter.
- VIII. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the Company.
- IX. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THIS DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the Company

Director

By:

Name:

Name:

Title:

In the presence of:

1.....

2.....