

# **NIHON**

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**NIHON IMPEX PRIVATE  
LIMITED**

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**COMPLIANCE POLICY**

## **BACKGROUND**

Nihon Impex Private Limited (hereinafter referred to as 'the Company') is committed to conducting its business activities lawfully and in a manner that is consistent with its compliance obligations.

The Company firmly believes in adherence to highest corporate governance practices. The Company is governed by requirements of the Companies Act 2013, (the Act), and Corporate Governance and disclosure norms for NBFCs issued by the Reserve Bank of India (RBI).

The Compliance Policy has been framed in accordance with the requirements of RBI Circular on bearing number RBI/2022-23/24 Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated April 11, 2022, on "Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs" to establish an independent compliance function and in the Company and to define its role and responsibilities.

## **OBJECTIVES OF THE POLICY**

The purpose of the Policy is to establish the overarching principles and commitment of the Company with respect to achieving compliance by:

- Define the structure and role of the compliance function, corporate oversight and guidance for compliance activities;
- Improve efficiencies and effectiveness;
- Set up a robust Compliance Framework;
- Define the role of Chief Compliance Officer;
- Define the processes for identifying, assessing, monitoring, managing, and reporting on compliance risk
- To put in place appropriate controls for detection and reporting of non-compliances to the applicable laws/laid down procedures;
- To comply with applicable laws and regulatory guidelines;
- Lay down the responsibility of the Board and Senior Management;
- Minimise or mitigate the legal, reputational, or financial risks and
- To take necessary steps to ensure that the concerned staff are adequately trained in compliance procedures.

## **COMPLIANCE FUNCTION & FRAMEWORK**

Compliance programs outline a set of guidelines and best practices that ensure a Company's employees are following all relevant laws and regulations. An effective compliance program should have clear policies, a healthy path of communication between employees and those who oversee

the program, and not shy away from taking corrective action when the compliance program is breached.

Compliance Function plays a critical role within Corporate Governance. Compliance Function thereto reasonably ensures that the Company is complying with all applicable laws, rules and regulations, as well as internal codes of conduct, policies and procedures. The Compliance Function is an integral part of effective governance, along with the internal control and risk management processes.

Compliance function is the sum total of systems procedures and organisation infrastructure which ensures the following:

- i. Observance of all statutory and regulatory requirement
- ii. Standard of market conduct
- iii. Systems of managing conflict of interest
- iv. Dealing customer fairly
- v. Ensuring suitability of customer service

#### **APPOINTMENT AND FUNCTIONS OF CHIEF COMPLIANCE OFFICER (CCO)**

The Company shall appoint a Chief Compliance Officer (CCO), who should be sufficiently senior in the organization hierarchy as per the requirement of the RBI Scale Based Regulation issued vide Circular no. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 and the Circular on Compliance Function and Role of Chief Compliance Officer (CCO) vide Circular no. Ref.No.DoS.CO.PPG./SEC. 01/11.01.005/2022-23 dated April 11, 2022.

The Chief Compliance Officer (CCO) shall be responsible for the overall compliance management system, mitigate the compliance risks associated with the company's business in line with the RBI laws and shall be responsible for laying proper procedure system within the company with respect to the compliances of RBI Laws including RBI Master Directions, Master Circulars, Directions and Circulars, RBI Guidelines and other RBI notification as may be applicable to the Company from time to time.

The CCO 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. Further, compliance/replies to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function.

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.

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.

The CCO shall not be given any responsibility which brings elements of conflict of interest, especially any role relating to business. The CCO shall generally 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 sanctions. In case the CCO is a member of any such committee that would only be an advisory role.

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

### **AUTHORITY OF THE BOARD OF DIRECTORS / COMMITTEES**

The Board of Directors retains the ultimate authority for legal and regulatory compliance and overseeing, reviewing and ensuring the effectiveness of the Company's compliance systems. The Board of Directors has a fiduciary authority to oversee that the business is run in a profitable way within the bounds of the law. The Board/ Audit Committee shall remain empowered to the following functions:

- Review the Company's Internal financial controls and risk management policies/systems.
- Review the status of compliance on a periodic basis, on the basis of quarterly compliance reports submitted by the management, covering compliance with all laws and regulations applicable to the company.
- Review the Audit reports of internal and external auditors and audits/ inspections carried out by regulatory authorities and monitor the compliance of the observations highlighted in the audit and inspection reports
- Review the effectiveness of the Company's Legal Compliance System for monitoring and managing compliance with relevant laws and to give instructions on breaches of key compliance requirements, if any, and remedial measures to prevent the instances of non-compliance

The compliance risk shall be reviewed on a quarterly basis wherein the compliance during the quarter shall be analysed the reason for any non-compliance or delay in compliance shall be discussed at the Committee/Board level.

### **REPORTING REQUIREMENTS**

**Reporting to RBI:** The Company shall give prior intimation of appointment, premature transfer, resignation, early retirement or removal of the CCO to RBI in accordance with the Fit and Proper Criteria of RBI.

**Reporting to the Board:** Compliance should be a regularly scheduled agenda item at board meetings. Quarterly reports on compliance with statutory requirements shall be submitted to the Board, Audit Committee and Risk Management Committee.

**Compliance Risk Review:** The internal audit shall cover the compliance function/risk in the internal audit reports. Further the CCO shall be kept informed of audit findings related to compliance, which shall serve as a feedback mechanism for assessing the areas of compliance failures.

## **REVIEW AND MODIFICATION**

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.

In case of any subsequent changes in the RBI Directions / Circular / guidelines / provisions in relation to Compliance Function in the Company, the necessary changes shall be made in the policy.

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