



**CORPORATE GOVERNANCE POLICY  
OF  
HOME CREDIT INDIA FINANCE PRIVATE LIMITED**

Version 6

**Approved by the Board of Directors of  
Home Credit India Finance Private Limited  
On June 30, 2021**

Sd/-

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**Ondrej Kubik  
Whole Time Director/ Chief Executive Officer**

**Home Credit****DOCUMENT HISTORY:**

<b>Version</b>	<b>Approved on</b>	<b>Comments/ Remarks/ Changes</b>	<b>Prepared By</b>
06	June 30, 2021	Addition of non-statutory committees and appointment of Chief Risk Officer Review and modification of various sections	Compliance Department

**INTRODUCTION**

Home Credit India Finance Private Limited ('The Company') believes that a good corporate governance system is necessary condition to ensure its long-term success. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the by the committees duly constituted by the Board.

Further, the RBI Directions provides that every NBFC-ND-SI should frame internal guidelines on corporate governance with the approval of the Board and publish the same on the Company's website for the information of various stakeholders. The Company, being an NBFC-ND-SI, is covered by the RBI Direction and has framed the policy on Corporate Governance ('the Policy').

The objective of the Policy is not only to ensure compliance with legal requirements but also to set standards for business governance/ conduct so that concerned officers act in accordance with the highest standards of governance while working for and on behalf of the Company. All the concerned are expected to read and understand this Policy to uphold these standards in day-to-day activities and comply with all applicable policies and procedures. This Policy shall be aligned with the prevalent regulatory and business requirements and reviewed by the Board at regular intervals.

**DEFINITIONS**

- a. "Applicable Laws" means the RBI Directions, the Companies Act, 2013 and the rules/regulations issued thereunder, as amended from time to time, dealing with the constitution, meeting frequency, roles, responsibilities and functions of the Board and various Committees of the Company constituted by the Board as well as the roles, responsibilities and functions entrusted to the Senior Management as per the Applicable Laws.
- b. "Board" means Board of Directors of the Company.
- c. "Committee" means the committee duly constituted by the Board, either as per Applicable Laws or otherwise, to:
  - i. perform the functions and responsibilities as per Applicable Laws,
  - ii. perform the functions and responsibilities delegated by the Board for effective management and control of business operations of the Company from time to time,
  - iii. to advise and/ or make recommendations to the Board or key stakeholders.
- d. "Company" means HOME CREDIT INDIA FINANCE PRIVATE LIMITED.
- e. "CSR" means Corporate Social Responsibility.
- f. "ESG" means environmental, social and governance principles of sustainable business operation and includes CSR activities purposed to make a constructive contribution to the wellbeing of society beyond the Company's immediate commercial activities and independent of its commercial goals.

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- g. "NBFC-ND-SI" means the Systemically Important Non-Deposit taking/ holding Non Banking Financial Company as defined by RBI from time to time.
- h. "RBI" means Reserve Bank of India constituted in accordance with the provisions of the Reserve Bank of India Act, 1934.
- i. "RBI Directions" means the Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 and such other directions, notification, guidelines and instructions issued by RBI from time to time on corporate governance of NBFCs.
- j. "Senior Management Officer" means and includes Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Information Officer (CIO) and Chief Risk Officer (CRO) of the Company.

**BOARD OF DIRECTORS****Constitution:**

The Board shall consist of minimum three (03) directors and maximum fifteen (15) directors. The Board shall have an optimum combination of executive, non-executive and independent directors in line with the Applicable Laws and Articles of Association of the Company, as amended from time to time. All the directors shall make the necessary annual disclosures regarding their change in concern or interest in any company or bodies corporate, firms, or other association of individuals including shareholding, directorships and Committee positions and shall intimate changes as and when they take place.

The Company shall have a policy which shall forms part of Terms of Reference of Nomination Committee' for ascertaining the 'fit and proper' criteria at the time of appointment/ re-appointment of Directors or Senior Management Officers. The Company shall carry out necessary due diligence on the eligibility of Directors or Senior Management Officers considering their qualifications, expertise, track record, integrity etc.

The Board shall ensure that all the directors appointed meets the fit and proper criteria based on which the Company shall furnish a quarterly certificate to RBI confirming that all the directors meets the fit and proper criteria.

**Roles & Responsibilities:**

The Board shall be responsible to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board along with its Committees provide direction and guidance to the Company's leadership team and further direct, supervise as well as review the performance of the Company.

The Board shall have a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long-term development of the organization. Apart from performing statutory obligations, the Board shall review following matters in particular, at regular intervals:

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1. Review the minutes of the proceedings of the Committees to evaluate the functioning of the respective Committees and adherence to their respective charter/policy.
2. Review of the compliances with applicable legal provisions and mandating submission of certificate on compliances from the respective functional heads.
3. Review of portfolio risk performance and special mention accounts.
4. Review of complaints received from customers and investors.
5. Review of adherence to the policies on customer due diligence and fair practices.
6. Review of functioning of business contingency plan and undertake comprehensive risk assessment of IT systems to identify the gap and steps to mitigate it.
7. Review of status of fraud cases identified and reported time to time.
8. Review of the new laws/regulations as well as important amendments therein having impact over the business operations of the Company.

**Meetings of the Board:**

At least four meetings of Board shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days or as extended by regulator under Applicable Laws from time to time. The meetings of the Board can be convened either in person or through audio-video means as permitted under Applicable Laws.

**COMMITTEES OF THE BOARD OF DIRECTORS**

To have close supervision on areas/ activities that are critical from compliance or business perspective, expedite decision making and operational convenience, the Board has implemented an appropriate structure in the form of various Committees with defined terms of reference /scope and delegated requisite powers to respective Committees.

The functions of these Committee are reviewed by Board on regular basis through review of the minutes of the meetings of all these Committees placed before the Board. All decisions pertaining to the constitution, appointment of members and revision/ modification of terms of reference/ scope of these Committees shall be placed before the Board for approval. Various Committees constituted by the Board are:

<b>A. Statutory Committees:</b>	<b>B. Non-Statutory Committees:</b>
<ol style="list-style-type: none"> <li>1. Audit Committee.</li> <li>2. Nomination Committee.</li> <li>3. Integrated Risk Management Committee.</li> <li>4. Asset Liability Committee.</li> <li>5. Internal Committee.</li> <li>6. Company ESG Working Group.</li> <li>7. IT Strategy Committee.</li> <li>8. IT Steering Committee.</li> </ol>	<ol style="list-style-type: none"> <li>1. Pricing Committee.</li> <li>2. Securities Allotment and Banking Relation Committee.</li> <li>3. Tender &amp; Investment Committee.</li> </ol>

**AUDIT COMMITTEE OF BOARD (“ACB”)****Constitution:**

The ACB shall consist of not less than three (3) members of the Board of Directors with optimum combination of executive and non-executive directors as may be decided by Board. The ACB may be reconstituted by the Board, as and when required.

**Meetings:**

At least one meeting of the ACB shall be held in each half year i.e., one half year commencing from 1<sup>st</sup> April to 30<sup>th</sup> September of the same calendar year and other half year commencing from 1<sup>st</sup> October to 31<sup>st</sup> March of the immediate next calendar year. In every meeting of the Committee, the members present shall elect one of themselves to chair and conduct the meeting.

**Roles & Responsibilities:**

The Board shall adopt the ‘Terms of Reference’ for the ACB that shall also include the roles, functions, responsibilities and powers of ACB. Such Terms of Reference shall be reviewed by the Board on regular basis.

ACB shall be responsible for taking decisions, or providing its reasonable recommendations to the Board, on the matters covered in Terms of Reference. The Board shall have the right either to accept the recommendation with or without modifications, or to reject the recommendations of the ACB. If the Board does not accept the recommendations of the ACB, it shall disclose the same in the Boards’ Report along with the reasons. The ACB shall ensure that an Information System Audit of the internal system and processes is being conducted from time to time to assess operation risks faced by the Company and methods to mitigate such risks.

**NOMINATION COMMITTEE OF BOARD (NCB)****Constitution:**

The NCB shall consist of not less than three (3) members of the Board of Directors with optimum combination of executive and non-executive directors as may be decided by Board. The NCB may be reconstituted by the Board, as and when required.

**Meetings:**

The Committee shall meet on need basis. In every meeting of the Committee, the members present shall elect one of themselves to chair and conduct the meeting.

**Home Credit****Roles & Responsibilities:**

The Board shall adopt the 'Terms of Reference' for the NCB that shall also include the roles, functions, responsibilities and powers of NCB. Such Terms of Reference shall be reviewed by the Board on regular basis.

NCB shall ensure that person to be appointed as director or senior management officer satisfies the specified criteria and provide its recommendation to the Board on their appointment. NCB shall also specify the criteria and procedure for effective evaluation of performance of Board, its Committees and Directors to be carried out by the Board.

**INTEGRATED RISK MANAGEMENT COMMITTEE ("IRMC")****Constitution:**

IRMC shall report to the Board and shall consist of Chief Executive Officer and heads of various risk verticals. The Board may appoint any functional head as the member of IRMC as it may require. Any reconstitution of IRMC shall be done with the prior approval of the Board.

**Meetings:**

At least one meeting of IRMC shall be held in each quarter of the financial year. The Chief Executive Officer shall chair the meetings of Committee. In the absence of Chief Executive Officer, the Chief Risk Officer shall be the chairman of the meeting.

**Roles & Responsibilities:**

IRMC shall ensure timely identification of the integrated risk associated with the Company and evaluation of the overall risks faced by the Company including liquidity risk. The integrated risks may comprise of credit risk, liquidity risk, market risk, operational risk, financial risk, legal risk and/or any other risks of the Company. IRMC may constitute sub-committees or group of officers to control and supervise credit risks and operational risks.

For the purpose of managing aforesaid risks, IRMC shall also ensure that the Company shall implement various policies on operational risk, loan underwriting, anti-fraud management, collection, provisioning, outsourcing and liquidity risk. All such policies shall be reviewed and approved by IRMC.

IRMC shall ensure that the Company has appropriate tools and procedures for identifying, reporting, managing and mitigating the risks. IRMC shall also monitor the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company. The functions, roles and responsibilities of IRMC shall be decided and supervised by the Board on regular basis.

**Home Credit****ASSET LIABILITY COMMITTEE (“ALCO”)****Constitution:**

ALCO shall report to the Board and shall consist of Chief Executive Officer (who is also member of the Board), Chief Financial Officer and the senior officers responsible for investment, credit, resource planning, treasury shall be the members of this Committee. In addition, the head of the technology division may be invited to ensure requisite technical support. The Board may appoint any functional head as the member of ALCO as it may require considering the size of the Company and business operations. Any reconstitution of ALCO shall also be done with the prior approval of the Board.

**Meetings:**

At least one meeting of ALCO shall be held in each quarter. The Chief Executive Officer shall be the head of the ALCO, and in his absence, the meetings shall be chaired by the Chief Financial Officer or the head of treasury.

**Roles & Responsibilities:**

The Company shall prepare the policy on the asset liability management of the Company and include the provisions on the roles, functions, responsibilities and powers of ALCO as well as the procedure for convening meetings of ALCO. The policy shall be approved by the Board and reviewed on the regular basis.

The role of ALCO shall cover liquidity risk which include, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk. The ALCO shall also be responsible for ensuring adherence to the risk tolerance/limits set by the Board, implementing the liquidity risk management strategy

ALCO shall evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure and manage the sources and uses of funds as it relates to pricing, maturities, and structure of products. The priority of the ALCO will be to manage the Company’s assets and liabilities in such a way as to manage risk and reach financial goals while staying within the risk parameters. ALCO is responsible to decide on source and mix of liabilities or sale of assets. Towards this end, it will have to develop a view on future direction of interest rate movements and decide on funding mixes (i.e. between fixed **vs** floating rate funds, money market **vs** capital market funding, domestic **vs** foreign currency funding, etc.)

**COMPANY ESG WORKING GROUP (“CEWG”)****Constitution:**

The Company shall constitute the CEWG in accordance with the Applicable Laws and group policy of Home Credit Group for implementing sustainable business practices in the context of ESG principles including CSR activities on behalf of the Company. The CEWG shall comprise of at least two directors



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and respective heads of finance, risk, human resource, marketing and public relation functions of the Company.

**Meetings:**

CEWG shall meet as and when necessary to deal with the matters pertaining to ESG practices and principles.

**Roles & Responsibilities:**

The Board shall adopt the policy on ESG Sustainability for the CEWG that shall also include the roles, functions, responsibilities and powers of CEWG. The policy shall be reviewed by the Board on regular basis. The policy shall define the Company's overall approach to ESG principles and would give framework and guidance for key ESG principles and priorities that the Company should mandatorily reflect in their strategic planning and execution. The policy shall also make corporate social responsibility part of sustainable development of the society. The Company will act as a good corporate entity and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

CEWG, in particular, provides priorities and guidance in the area of ESG and sustainability, ensures the use of reliable, effective and efficient methods for managing ESG initiatives and ensures the establishment of a reliable and integrated framework for management of these actions, and supports in preparing the Company ESG Annual Plan.

**IT STRATEGY COMMITTEE ("ITSC")****Constitution:**

ITSC shall report to the Board and shall consist of independent director, Chief Information Technology Officer (CIO), senior officers of information technology department nominated by CIO and other functional heads as the member of IRMC as the Board may appoint. Any reconstitution of ITSC shall also be done with the prior approval of the Board.

**Meetings:**

The ITSC should meet at an appropriate frequency but not more than six months should elapse between two meetings. The chairman of the ITSC shall be an Independent Director. In the absence of independent director, CIO shall chair the meeting of ITSC.

**Roles & Responsibilities:**

The Board shall adopt the suitable framework on IT Governance that shall also include the roles, functions, responsibilities and powers of ITSC. The framework shall be approved by the Board and reviewed on regular basis.

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ITSC shall work in partnership with other committees and top management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board's policy reviews, cyber security arrangements and any other matter related to IT Governance. ITSC shall approve IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place, ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business, ensure IT investments represent a balance of risks and benefits and that budgets are acceptable and monitor that the IT resources needed to achieve strategic goals are available and provide high-level direction for sourcing and use of IT resources.

**IT STEERING COMMITTEE ("STCO")****Constitution:**

The Company shall have the STCO that shall operate at an executive level and focus on priority setting, resource allocation and tracking of project involving/ pertaining to IT activities/ initiatives. STCO shall comprise of Chief Information Technology Officer (CITO), the development team, business owners and other stakeholders as may be appointed by CITO as the member of STCO.

**Meetings:**

STCO shall meet at an appropriate frequency on need basis and the chairman of the Committee shall be CITO. In the absence of CITO, the members of the STCO present in the meeting shall elect chairperson of the meeting.

**Roles & Responsibilities:**

The STCO shall oversee and monitor the progress of the IT project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable, resource allocation and project tracking.

**INTERNAL COMMITTEE ("IC")****Constitution:**

The Company shall have IC in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder ("POSH Act"). The Board shall constitute IC subject to meeting the criteria for membership of the Committee as defined under the POSH Act. The Board shall also be authorised to change the constitution of IC on need basis from time to time.

**Meeting:**

IC shall hold necessary inquires and meetings and initiate the necessary proceedings as may be required to resolve the complaints received under POSH Act.

**Home Credit****Roles & Responsibilities:**

The Board shall approve and implement the 'Policy on Prevention of Sexual Harassment at Workplace' defining the roles & responsibilities of IC as well as the procedure for addressing the complaints against sexual harassment. IC shall recommend appropriate action to the employer on the complaints received by IC.

**PRICING COMMITTEE****Constitution:**

The Board shall constitute Pricing Committee consisting of Chief Strategy Officer, Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Chief Legal Officer, Chief Sales Officer, Product Manager and F P&A Manager. Further, the representatives from Operations and Customer Experience function may be invited from time to time to respond on queries specific to product/ income line under discussion.

The constitution, functioning, roles and responsibilities of Pricing Committee or any change therein shall be decided by the Board from time to time.

**Meetings:**

Pricing Committee shall meet at an appropriate frequency on need basis and the chairman of the Committee shall be Chief Strategy Officer. In the absence of Chief Strategy Officer, the Chief Executive Officer shall be the chairperson of the meeting.

**Roles & Responsibilities:**

Pricing Committee shall be responsible for finalising the products/campaign of the Company on the basis of various factors which shall include but not limited to lifetime profitability, expected productivity, average financed amount, pricing (Interest, Fee etc.), campaign period, special offer (Gift Payment/Cash Back/0% etc.), number of Point of Sales (POS) to run the offer etc.

**SECURITIES ALLOTMENT AND BANKING RELATION COMMITTEE ("SABRC")****Constitution:**

The Board shall constitute the SABRC consisting of Directors and officers of the Company for issuing securities and borrowing monies as provided under Section 179(3)(d) of the Companies Act, 2013.

The constitution and functioning, roles and responsibilities of SARBC or any change therein shall be decided by the Board from time to time.

**Meetings:**

SABRC shall meet at an appropriate frequency on need basis. The members of the SABRC present in the meeting shall elect the chairperson from among the members present in meeting.

**Home Credit****Roles & Responsibilities:**

The SARBC shall be responsible to issue, offer and allot listed or unlisted, secured or unsecured, taxable or non-taxable, convertible or non-convertible debentures, commercial papers, bonds including rupee denominated bonds, stocks and/or any other security as per the definition given in the Securities Contracts Regulation Act, 1956 or any other amendment thereto on a private placement basis and for borrowing of monies, including but not limited to term loan facilities, external commercial borrowings (in any form), working capital facilities, demand loans or any other loan or facility (as per Applicable Laws) from time to time under section 179(3)(d) of the Companies Act, 2013 with in the limit approved by the Board.

**TENDER & INVESTMENT COMMITTEE****Constitution:**

The Tender & Investment Committee shall consist of Head of various business functions (HOF). The constitution, functioning of Tender & Investment Committee or any change therein shall be governed by the Board approved Sourcing and Procurement Policy.

**Meetings:**

Tender & Investment shall meet on need basis as may be required for approval of deals.

**Roles & Responsibilities:**

The Tender & Investment Committee shall be responsible to approve the deals for the procurement commodity if the purchase price of the commodity procured exceeds the prescribed threshold limit of Total Cost of Ownership (TCO).

**CHIEF RISK OFFICER ("CRO")**

The Board shall appoint Chief Risk officer (CRO) who shall have direct reporting lines to the Chief Executive Officer (CEO). IRMC or the Board shall meet the CRO without the presence of the CEO, at least on a quarterly basis. CRO shall possess adequate professional qualification/ experience in the area of risk management.

The Board shall adopt the policy for safeguarding the independence of CRO and define the roles and responsibilities of the CRO. The CRO shall not have any reporting relationship with the business verticals of the Company and shall not be given any business targets. CRO shall have function independence so as to ensure highest standards of risk management.

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.

**APPOINTMENT OF STATUTORY AUDITORS**

The Company shall appoint Statutory Auditors to conduct the statutory audit of the financial accounts as per the Applicable Laws. The Company shall adopt suitable policy to provide sufficient framework for the appointment of Statutory Auditors of the Company by prescribing the parameters and brief procedure to be followed by the Company for the appointment of Statutory Auditor confirming to all relevant applicable statutory/regulatory requirements.

The Audit Committee of the Board (ACB) shall monitor and assess the independence of the auditor and conflict of interest position in terms of relevant regulatory provisions, standards and best practices and any conflict/concern in this regard shall be reported to Board of Directors and Regional Office of RBI. The Audit Committee shall also review and monitor the effectiveness of audit process.

The appointment of the Statutory Auditors shall be approved by the shareholders basis the recommendations of the Board and ACB. The Company shall shortlist minimum of two (02) audit firms for every vacancy of Statutory Auditors for consideration & recommendation of ACB.

**DISCLOSURE & TRANSPARENCY**

The Company shall put up to the Board from time to time the progress made in putting in place a progressive risk management system and adherence to risk management policy and strategy followed by the Company.

Further, the Company shall annually review at the Board Meeting the conformity with corporate governance standards viz., in composition of various Committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

In addition to the disclosures required to be made as per the Applicable Laws, the following disclosures shall be made in the annual financial statements of the Company as a good corporate governance practice:

- i. registration / licence / authorisation by whatever name called, obtained from other financial sector regulators;
- ii. ratings assigned by credit rating agencies and migration of ratings during the year;
- iii. penalties, if any, levied by any regulator;
- iv. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- v. Asset-liability profile, extent of financing of parent company products, Non-Performing Assets (NPA) and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures.

The Company shall ensure that all the statutory policies, information on various products and services, periodic financial statements and contact details of officers managing complaints etc. relevant for the customers, investors and other stakeholders are available on the official website of the Company and updated from time to time.