



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

Version 11

**Approved by the Board of Directors of
Home Credit India Finance Private Limited
On 29th May 2024**

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Whole Time Director/ Chief Executive Officer**

DOCUMENT HISTORY:

Version	Approved on	Comments/ Remarks/ Changes	Prepared By
06	June 30, 2021	Addition of non-statutory committees and appointment of Chief Risk Officer Review and modification of various sections	Compliance Department
07	September 20, 2022	Changes pursuant to Group Internal Governance Framework	Compliance Department
08	May 25, 2023	Changes pursuant to Group Internal Governance Framework	Compliance Department
09	September 15, 2023	Changes pursuant to Group Internal Governance Framework	Compliance Department
10	March 22, 2024	Changes pursuant to Group Internal Governance Framework and Company organisational structure	Compliance Department
11	May 29, 2024	Addition in the role and responsibilities of Board of Directions & added roles & responsibilities of Customer Service Committee	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 are mandated and regularly reviewed by the Board or the by the committees duly constituted by the Board.

Further, the RBI Directions provides that every Middle layer NBFC (NBFC-ML) 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-ML, is covered by the RBI Direction and has framed the policy on Corporate Governance (**'the Policy'**).

The objective of this Policy is to set forth corporate governance and management standards to be deployed across the Company and ensure that organizational structure of the Company is transparent and enables the Company to prudently manage its risks. The Policy specifies responsibilities, composition and procedures of the Companies' governing bodies and senior management, including Boards, their committees and CEO.

The purpose 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.

Regulatory Context

The Policy takes into account the regulatory documents published by regulatory bodies, in particular:

- Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023
- Companies Act, 2013 and rules made there under
- Home Credit Group policies and guidelines as governed by laws applicable to the Group to the extent the same are not contrary to Applicable Laws.

Related Documents

The Policy represents an integral part of the overall corporate governance framework mainly laid down by the following documents:

- Risk Management Framework.
- Charter of Internal Audit Function
- IT Strategy
- Information Security Policy.
- Operational Risk Management Framework.
- Internal Control Framework.
- Legal Risk Management Framework.
- Compliance Charter.
- Home Credit India Strategy and Business Model.
- Business Continuity Management Framework.
- Asset & Liability Committee (ALCO) Terms of Reference.
- Code of Business Conduct and Ethics and Vigil Mechanism; and
- Anti-Bribery and Corruption Policy.
- Conflict of Interest Policy
- Internal Regulation Policy

Group Values

Group corporate values are embedded in eight Leadership Qualities and are defined by behaviour standards specified in Annexure A of this Policy. Hence, every member of the Company is required to be identified with:

I am fair

- Integrity
- People Centricity

I am focused on results

- Operational Excellence
- Risk in Mind

I am innovative

- Customer Obsession
- Digital Savviness

I am entrepreneurial

- Thinking Big
- Entrepreneurship

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. "Corporate Structure" means a layout of a group of entities comprising of the Company and other entities which are under shareholding, management or financial control of the Company.
- g. "Change in Corporate Structure" means:
 - (i) any amalgamation, demerger, merger, consolidation, solvent corporate reconstruction of the Company;
 - (ii) incorporation, dissolution, winding-up or liquidation of any entity by the Company;
 - (iii) direct or indirect acquisition or other disposal of an entity, financial or managerial control over an entity; or
 - (iv) direct or indirect acquisition or other disposal of a business on a going concern basis by the Company.
- h. "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.
- i. "Internal Regulation" means an internal document stipulating binding rules for the organization and operation of the Company.
- j. "Issue" means any actual or threatening non-adherence to any Internal Regulation, breach of law or regulation by a Company or a member of the Staff;
- k. "Material Issue" means any Issue which leads or may lead to disturbance in functioning of the Company.
- l. "NBFC-Middle Layer (ML)" means all deposit taking NBFCs (NBFCs-D), irrespective of asset size, non-deposit taking NBFCs with asset size of ₹1,000 crore and above, and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealer (SPD), (ii) Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC), (iii) Investment Company (CIC), (iv) Housing Finance Company (HFC) and (v) Non-Banking Financial Company-Infrastructure Finance Company (NBFC-IFC).

- m. "RBI" means Reserve Bank of India constituted in accordance with the provisions of the Reserve Bank of India Act, 1934.
- n. "RBI Directions" means the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 dated October 19, 2023 (erstwhile issued as 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.
- o. "Senior Management Officer" means and includes Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Risk Officer (CRO) of the Company.
- p. "Staff" means each person working at all levels of the Company, including, without limitations, all full-time and part-time employees, members of boards, officers, directors, senior managers, consultants, contractors or any other third parties acting on behalf of the Company or performs any services for or on behalf of the Company.

COMPANY STRUCTURE & GOVERNANCE FRAMEWORK

Corporate Structure Requirements

The Company must obey the following requirements with respect to the corporate structure:

- Corporate Structures must be transparent;
- Corporate Structures shall not introduce barriers for financial and regulatory reporting and conducting internal or external controls, audits and inspections;
- Corporate Structures may not hamper conducting regulatory oversight over the Group and individual Group Companies;
- Purposes of Corporate Structures must not be tax evasion;

The Company shall:

- have pre-defined purpose,
- have clear strategic, business, operation or funding rationale or legal or tax corporate objective,
- conduct its activities proportionately to its risk profile,
- contribute to the Group's strategy, business, operations, funding and financial results, and
- efficiently utilise operational resources;

The completion of any Change in Corporate Structure shall be subject to prior approval by the Board of Directors of the Company on the recommendation of Risk Management, Finance, Legal and Compliance Functions of the Company. Well ahead of the completion of any Change in Corporate Structure, the Chief

Legal & Compliance Officer and/ or the Chief Risk Officer of the Company shall inform thereof the Group Chief Legal & Compliance Officer, the Group Chief Risk Officer, the Group Chief Finance & Operating Officer and the Group Head of Compliance and seek their advice on the Change in Corporate Structure.

Organisation Structure

The organization structure of the Company shall be approved by the Board and reviewed on an annual basis. The brief roles and responsibilities of each function in the Company is provided in Annexure B. The People Function of the Company shall maintain and update on regular basis, the document on organizational structure describing roles and responsibilities of the Company Functions and their lower organizational units. The organizational structure shall:

1. specify responsibilities of at least CEO-1 and CEO-2 organizational units;
2. be approved by the CEO;
3. be part of a set of internal regulations of HCIN as CEO decision; and
4. be available to all employees of HCIN

Description of Governance Framework

The Governance Framework is the structure of rules, corporate bodies, senior management, practices and processes deployed to direct and manage the Company. The Governance Framework consists of the following governing bodies and senior management components:

- (a) Boards of Directors and their committees
- (b) Chief Executive Officer
- (c) Senior Management
- (d) Head of Functions ("Function Heads")

The Governance Framework is one of the three components of the Governance, Risk and Control System, which consists of:

- ✓ Governance Framework, as defined by this Policy;
- ✓ Risk management framework, as defined by the Risk Management Framework;
- ✓ Internal Control Framework, as defined by the Internal Control Framework.

The structure of the Governance, Risk and Control System (including contents of its components) is outlined in the below figure:



Governance Framework and Three Lines of Defence Model

Three Lines of Defence Model is embedded in the Governance Framework to ensure sound functioning of the Internal Control Framework across the Company. The structure of the Three Lines of Defence Model is defined in the Internal Control Framework and outlined in the figure provided in Annexure B:

Transparent Governance

Responsibilities of all corporate bodies of the Company (e.g., general meetings, Board(s) and committees) shall be transparently set out in the Internal Regulations and, if required under Applicable Law, in the Articles of Association. The Internal Regulations of the Company (or Articles of Association, as the case may be) shall also set out:

- a. rules for holding meetings, minuting, and adopting decisions by the corporate bodies; and
- b. well-defined and traceable reporting lines, information flows and decision-making processes inside the Company.

The Company shall ensure that processes, information flows, transactions and decisions are traceable and well-documented in the internal systems or storages to enable on-going controls of those processes, information flows, transactions and decisions. The archiving period shall be set for 10 years, unless Applicable Law or internal regulations require different period.

Segregation of Functions and Duties

In addition to the Three Lines of Defence Model and independence of its Internal Control Functions, the Company must ensure, at least, the following segregation of functions and duties:

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- a. the Back Office and the Front Office shall be organisationally separated at appropriate level to allow for their independence;
- b. one individual, function, line, department or team of the Company shall not execute all phases of an internal key process or transaction with the Company's external counterparty (e.g., with a customer, vendor, funding partner or account bank) – to follow this requirement, an Operational Control, as defined in the Internal Control Framework, shall be deployed into the process or transaction – e.g. application of a “four eyes” principle where a “maker” is controlled by a “checker” to avoid or mitigate the risk of loss.

For purposes of this clause:

- (i) “Back Office” means the Company business function, line, department or team which is not the Front Office and is – for example – responsible for (i) transaction settlements and clearances, (ii) payments, (iii) record keeping, reconciliation and accounting, (iv) management of any and all risks, (v) compliance, (vi) information security and (vii) IT services.
- (ii) “Front Office” means the Company business function, line, department or team dealing directly with the Company's external counterparty (e.g., with a customer, vendor, funding partner or account bank).

BOARD OF DIRECTORS**Constitution and Procedural Rules:**

The Company implements “one-tier” Board system wherein all managerial and supervisory responsibilities vests in one unified corporate body (i.e. Board of Directors). As permitted under Applicable Laws, the Board may delegate any of its role to one or more directors, Senior Management or Head of Functions (jointly or severally).

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 and Remuneration 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 meet 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. Apart from managing the Company and discharge all responsibilities which are reserved for the Board by law, the Articles of Association and the Internal Regulations, the roles and responsibilities of the Board shall include, among others, the following:

A. Leadership:

- (a) promoting the success of the business and operations of the Company;
- (b) promoting values and risk culture within the Company;
- (c) determining, adjusting (if necessary) and ensuring implementation of the Company's strategy, risk limits, risk appetites and liquidity targets within the boundaries set by the Company;
- (d) approving the Company's Internal Regulations, policy formulation, implementation and strategic issues which are crucial for the long-term development of the organization.
- (e) ensuring compliance with the Company's Internal Regulations, and external regulations; and
- (f) ensuring integrity of the accounting process and the process of financial and regulatory reporting by the Company.

B. Governance:

- a) establishing committees and other governance and corporate bodies of the Company and approving their Terms of Reference;
- b) appointing and removal of the Company CEO and Head of Functions in charge of the Internal Control Functions;
- c) ensuring that the Company is managed by suitable CEO, and other Senior Management Officers having adequate expertise and experience and reflecting the diversity principle;
- d) review the minutes of the proceedings of the Committees to evaluate the functioning of the respective Committees and adherence to their respective charter/policy.
- e) safeguarding independence of the Internal Control Functions.

- f) Approving loans and advances to the directors, relatives of directors, entities where directors or their relatives have major shareholding or interested and senior officers (i.e., Senior Management Officers). The approval process of such loans and advances is laid down in the **Annexure C**.

C. Supervision:

- a) supervising and reviewing the report submitted by the Company CEO, Senior Management Officers and various functions of the Company.
- b) monitoring risks of and performance by the Company.
- c) overseeing compliance of the Company and the Company Staff with the Internal Regulations and external regulations.
- d) overseeing integrity of accounting and reporting systems, internal models and systems for management of compliance risk; and
- e) monitoring and preventing conflicts of interests set at the Company level.
- f) Review of the compliances with applicable legal provisions
- g) Review of portfolio risk performance and special mention accounts.
- h) Review of complaints received from customers and investors.
- i) Review of adherence to the policies on customer due diligence and fair practices.
- j) Review of functioning of business contingency plan and undertake comprehensive risk assessment of IT systems to identify the gap and steps to mitigate it.
- k) 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. The meeting's agenda and related documents shall be circulated within a reasonable time prior to the Board(s) meetings in compliance with Applicable Laws..

SECRETARY TO THE BOARD

The Company Secretary of the Company shall be the secretary of the Board of Directors. The Company Secretary shall be responsible for the following:

- a. Coordinate with respective members of the Board for their availability for the meeting of the Board and the mode of attending the meeting

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- b. Coordinate with respective functions of the Company for preparation of agenda of the meeting and ensuring that concerned functions provide adequate information & other related materials to enable the members of the Board to take an informed decision on the matters placed before them.
- c. Issue notices of the meeting and circulate the agenda and other related materials to all the Board members within a reasonable time prior to the meeting.
- d. Convene the meetings in such a manner convenient to all the members of the Board and ensure that all the members are able to participate, discuss and vote for the matters placed before the Board.
- e. Recording the minutes of the Board meeting in such manner that it clearly states out the details of matter considered, and decision taken by the Board which inter-alia includes the concerns raised or the dissenting views expressed by the members of the Board.
- f. Circulate the draft of the minutes of meeting of the Board for review by the respective members.
- g. Circulate the finalized minutes of meeting of the Board for the record of the respective members of the Board.
- h. ensure the finalized minutes of meeting of the Board are signed by the chairman of the meeting of the Board
- i. Keeping the records of the minutes of each meeting of the Board in a minute book maintained under the custody of the Company Secretary or whole time director of the Company.

The Company Secretary shall be assisted by the employees in Compliance Department of the Company for discharging aforesaid roles and responsibilities of the Secretary to the Board.

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 shall implement an appropriate structure in the form of various Committees with defined terms of reference /scope and delegated requisite powers to respective Committees. The Board shall establish committees required either under Applicable Law or Internal Regulations. The Board may also establish such non statutory committees as they consider necessary and delegate certain aspects (but not all) of their management responsibilities to those committees.

The Board(s) shall adopt terms of reference of each of their committees. The Terms of reference shall detail at least the following:

- a. composition of the committee;
- b. chairperson in meetings of the committee
- c. responsibilities of the committee;
- d. quorum and required majority for making decisions by the committee and veto rights (if any);
- e. person(s) responsible for convening meetings, preparing and distributing agendas and keeping minutes of the committee meetings

The functions of these Committee shall be 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. The Board may require presence of Chairperson or any member of the committee to answer questions or provide clarification in the meeting of Board.

Various Committees constituted by the Board are:

A. Statutory Committees:	B. Non-Statutory Committees:
<ol style="list-style-type: none">1. Audit Committee.2. Nomination & Remuneration Committee.3. Integrated Risk Management Committee.4. Asset Liability Committee.5. Internal Committee.6. Company ESG Working Group.7. IT Strategy Committee.8. IT Steering Committee.9. Information Security Committee10. Customer Service Committee	<ol style="list-style-type: none">1. Pricing Committee.2. Securities Allotment and Banking Relation Committee.

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 the 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 Quarter of the financial 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 & REMUNERATION COMMITTEE OF BOARD ("NRC")**Constitution:**

The NRC 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 NRC 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.

Roles & Responsibilities:

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

NRC 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. NRC 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.

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.)

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.

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.

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

Meetings:

CEWG shall meet once in half year and 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 Minimum 3 technically competent directors as members, and independent director as chairperson with appropriate expertise (minimum 7 years of experience in managing information systems and/or leading/ guiding technology/ cybersecurity initiatives/ projects, Chief Information Technology Officer (CIO), Chief Information Security Officer (CISO), senior officers of information technology department nominated by CIO and other functional heads as the member of ITSC as the Board may appoint. Any reconstitution of ITSC shall also be done with the prior approval of the Board.

Meetings:

Unless the meeting is required at shorter frequency, the IT Strategy Committee should meet at least on a quarterly basis.. 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.

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 ensure 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 Executive Officer (CEO), Chief Information Technology Officer (CITO), Chief Information Security Officer (CISO), the development team, business owners and other stakeholders as may be appointed by CITO as the member of STCO.

Meetings:

Unless the meeting is required at shorter frequency, the STCO should meet at least on a quarterly basis. and the chairman of the Committee shall be CEO. In the absence of CEO, 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.

Home Credit**INFORMATION SECURITY COMMITTEE (“ISC”)****Constitution:**

The Company shall have the ISC under the oversight of ITSC that shall operate at an executive level and Manage cyber/ information security/developing & implementing information/cyber security policies/ monitoring and mitigation activities. ISC shall comprise of CRO/Senior officer from risk management vertical, CIO, CISO, IT sub function business owners and other stakeholders as may be appointed by ITSC as the member of ISC.

Meetings:

ISC shall meet at an appropriate frequency on need basis but not more than six months should elapse between two meetings. The chairman of the Committee shall be Chief Risk officer or senior level executive from risk management function of the Company.

Roles & Responsibilities:

The ISC shall oversee cyber and info security, set and uphold security policies, standards, and procedures, lead information security projects & awareness initiatives, evaluate cyber incidents, audits, monitoring and mitigation efforts and provide regular updates to ITSC and CEO.

CUSTOMER SERVICE COMMITTEE (“CSC”)**Constitution:**

The CSC shall report to the Board and shall consist of Chief Executive Officer, Function Head(s) responsible for, Marketing and Customer Service; Financial matters; Legal and Compliance matters; Risk management; and HR and Business Operations. Any reconstitution of CSC shall be done with the prior approval of the Board.

Meetings:

At least one meeting of CSC shall be held each quarter of the financial year. The meetings of the CSC can be convened either in person or through audio – video conferencing mode. The Function Head responsible for Marketing and Customer Service shall chair the meetings of Committee. In the absence of Function Head responsible for Marketing and Customer Service, the Chief Executive Officer shall be the chairman of the meeting. Further, in absence of Function Head responsible for Marketing and Customer Service and Chief Executive Officer, the CSC shall appoint the chairperson from the members present to chair the meeting of CSC.

Home Credit**Roles & Responsibilities:**

The CSC shall scrutinize service delivery, customer strategy, policy or practice to enable the Company to better fulfil its objectives, in particular, excelling at customer service and protection and to support the Board in its overall responsibility of customer service and protection, and *inter alia* perform following critical tasks:

- i. To decide the structure of emoluments, facilities and benefits accorded to the IO/ DIO
- ii. Review of periodic reports (including the analysis of complaints) of Internal Ombudsman on his/ her activities to the Committee of the Board handling customer service and protection, preferably at quarterly intervals, but not less than half yearly intervals
- iii. Review of the rejection of the decision taken by the Internal Ombudsman

PRICING COMMITTEE**Constitution:**

The Board shall constitute Pricing Committee consisting of Chief Marketing Officer, Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Chief Legal Officer, Chief Sales Officer and Chief CRM & Digital Officer.

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 Marketing Officer. In the absence of Chief Marketing 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:**

Home Credit

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.

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.

COMPANY CEO

The CEO of the Company is the highest-ranking executive of the Company. The CEO is appointed and removed by the Board of Directors in accordance with applicable local law upon the recommendation of the Nomination and Remuneration Committee and Group CEO. The CEO shall report to the Group CEO and the Board of Directors of the Company.

The CEO shall manage the Company together with the Senior Management Officers and Head of Functions of the Company and discharges all responsibilities and makes all decisions which are reserved for him or her either under the Applicable Laws, Internal Regulations or powers delegated by the Board. Among others, the CEO of the Company shall have following responsibilities:

- a) leading the Senior Management & Head of Functions of the Company in daily operations of the Company.
- b) communicating, on behalf of the Company, with the Group, government and the public;
- c) promoting Company's vision and mission, values and risk culture;
- d) keeping the Company Board(s) informed of material developments in business and operations of the Company;
- e) ensuring that business and operations of the Company are carried out within boundaries determined by the Company Board;

- f) creating strategy of the Company within the boundaries set out by the Group;
- g) making the final recommendations or decisions, as the case may be, in the process of recruiting of the Directors, the Senior Management & Head of Functions;
- h) overseeing and evaluating performance by the Senior Management & Head of Functions;
- i) assessing potential acquisitions, divestment or other strategic projects; and
- j) ensuring adequate resources and stature for the Internal Control Functions to carry-out their responsibilities independently.

COMPANY FUNCTIONS AND THE SENIOR MANAGEMENT & HEAD OF FUNCTIONS**Company Functions**

The Company shall establish at least the following functions (the “Company Functions”):

1. Risk Management including Integrated Risk Management
2. Finance (including Funding)
3. Legal and Compliance
4. Internal Audit
5. People
6. Information Technologies including Data Science
7. Information Security
8. Digital
9. Strategy.
10. Sales
11. Marketing

CEO may take decision to merge the role & responsibilities of one or more of the above stated Company Functions under one function or under one Senior Management Officer/ Head of Functions, however, the Internal Control Functions shall be independent.

Company Head of Functions

Head of Functions are top-ranking executives who directly report to the Company CEO.

Head of Functions in charge of the Internal Control Functions shall have a direct access to the Company Board.

Head of Functions are appointed and removed in accordance with Applicable Law. Prior to appointment or removal of a Head of Functions (except the Internal Control Functions), advice shall be sought by the Chief People Officer from the Group Chief Officer in charge of the respective Global Function.

Special rules for appointment and removal of the Head of Functions in charge of the Internal Control Functions are stipulated in this Policy.

The Head of Functions manage the Company at the executive level and discharge all responsibilities and make all decisions which are reserved for them under the Company Internal Regulations or delegated by the Board. The Head of Functions are responsible for:

- a) management of risks associated with activities conducted by them and their functions; and
- b) ensuring that all activities conducted by their functions comply with the Internal Regulations and law.

Companies Organizational Structure

Chief People Officer shall prepare and keep up-to-date description of an organisational structure of the Company which describes, at least:

- a. structure and hierarchy of the Company Functions and their lower organisational units;
- b. clear division of the Company among the three lines of defence according to the "Three Lines of Defence Mode" (i.e., the 1st, 2nd or 3rd role shall be assigned to each organisational unit);
- c. reporting lines between the Company Functions and the Company CEO and Board(s);
- d. reporting lines between the Company Functions and their lower organisational units; and
- e. description of responsibilities of the Company Functions and their lower organisational units.

The Chief Legal Officer shall submit up-to-date description of organisational structure of the Company to the Group CLCO in January each year.

INTERNAL CONTROL FUNCTIONS

At Company level, the Internal Control Functions are:

- a. Risk Management function, as defined in the Risk Management Framework;
- b. Compliance function, as defined in the Compliance Charter;
- c. Information Security function, as defined in the Information Security Policy and the IT Strategy;
and
- d. Internal Audit function, as defined in the Internal Audit Charter.

Key Responsibilities of the Internal Control Functions

Risk management Functions Key Responsibilities

1. facilitating, maintaining, monitoring and reporting on the implementation of the risk management framework Company.
2. defining and proposing risk management strategies, risk policies, risk limits and risk appetite of the Company.
3. defining methodologies and approach for risk management in the Company.
4. identifying, monitoring, analysing, measuring, and responding to risks and reporting on risks of the Company.
5. outsourcing and vendor risk management.
6. ensuring the effectiveness of the risk-related controls and performing regular and ad-hoc risk management 2nd line of defence controls.
7. providing advisory, supporting and challenging the 1st line of defence functions in terms of the risk management; and

Compliance Function Key Responsibilities

- 1) implementing and coordinating internal control framework of the Company.
- 2) conducting compliance monitoring and 2nd line of defence controls in the Company.
- 3) operating Internal regulations, regulatory early warning, whistleblowing, AML and sanctions screening frameworks/ systems of the Company.
- 4) internal & external legal/ compliance reporting.
- 5) implementing and monitoring Group governance framework
- 6) managing, monitoring, assessing and preparing/ coordinating responses to the Companies legal and compliance risks, including:
 - a) legal risk management, including advice, support to and coordination of other Functions and group companies in relation to corporate law, corporate housekeeping, labour law and personal data protection, M&As and restructurings, contracts, products, IT and IP law support, and litigations;
 - b) funding legal risk management, including advice, support and coordination in relation to external and intra-Group funding and treasury transactions, and M&As and restructurings;
 - c) compliance risk management, including implementing and coordinating Group internal control framework, establishing policies and processes to manage compliance risk and to ensure compliance, conducting compliance monitoring and controls, operating Group Internal regulations, regulatory early warning, whistleblowing, AML and sanctions screening frameworks/systems

Information Security Function Key Responsibilities

1. defining methodologies and approach for Information Security risk management in the Company;
2. conducting Information Security risk assessments;
3. Information Security risk management reporting;
4. training on the Information Security risk management; and
5. ensuring that the Staff follows the rules related to the Information Security risk management.

Internal Audit Function Key Responsibilities

1. providing independent assurance to the Board in respect of compliance and effectiveness of the Company activities;
2. independent review of the 1st and 2nd Lines of Defence; and
3. monitoring implementation of remedial measures proposed in response to the internal audit findings.
4. implementation and maintenance of local internal policies, applicable laws and standards governing the Internal Audit Function;
5. preparation of the strategic and annual internal audit plan based on the up-to-date risk analysis and furnishing it to the Board for approval.

Internal Control Functions and Three Lines of Defence Model

The role of the Internal Control Functions in the Three Lines of Defence Model is detailed in the Internal Control Framework. Under the Internal Control Framework, (i) the Risk Management Function including Integrated Risk Management Function, Compliance Function and the Information Security Function are the Second Line of Defence and (ii) the Internal Audit Function is the Third Line of Defence.

Independence of Internal Control Functions

At all levels, the Internal Control Functions shall be independent of other functions controlled by them, as follows:

1. Staff in the Internal Control Functions may not perform operational tasks that fall within the scope of activities which are controlled by the Internal Control Functions;
2. Staff in the Internal Control Functions is organisationally separated from activities which are controlled by the Internal Control Functions;
3. Internal Control Functions have direct reporting line to the Boards;

4. remuneration is rewarded to Head of Functions in the Internal Control Functions under special remuneration principles set forth in the Remuneration Policy; and
5. Company Internal Control Functions must have the appropriate financial and human resources to perform their tasks.

Appointment and Removal

Head of Functions in charge of the Internal Control Functions are appointed and removed by the Board.

1. Chief Risk Officer

The Board shall appoint Chief Risk officer (CRO) who shall have direct reporting lines to the Chief Executive Officer (CEO). Prior to appointment or removal of the CRO, the Chief People Officer shall seek and advice of the Group Chief Risk Officer. 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. IRMC or the Board shall meet the CRO without the presence of the CEO, at least on a quarterly basis. 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.

2. Chief Legal Officer

Prior to appointment or removal of the Chief Legal Officer, the Chief People Officer shall seek an advice of the Group Chief Legal Officer. The Chief Legal Officer shall be a senior executive with a position not below two levels from the Chief Executive Officer and it shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to supervisory expectations. The Chief Legal Officer shall have direct reporting lines to Chief Executive Officer and / or Board/ Board Committee.

The Reserve Bank of India (RBI) has laid down guidelines regarding the role of the Chief Compliance Officer (CCO) and the Company shall ensure compliance of applicable regulation related to function of CCO as amended from time to time.

3. Head - Internal Audit

Prior to appointment or removal of the Head - Internal Audit, the Chief People Officer shall seek and advice of the Group Chief People Officer. The Head – Internal Audit shall be accountable to report to the Board. The hierarchical level on which the Head - Internal Audit is established should be adequate in order to provide appropriate authority and stature needed to fulfil his/her responsibilities.

The Head – Internal Audit shall directly report to either the Audit Committee/ Board / MD & Chief Executive Officer or to the Whole Time Director (WTD). Where the Board of Directors decide to allow the MD & Chief Executive Officer or a WTD to be the 'Reporting authority', then the 'Reviewing authority' shall be the Audit Committee /Board and the 'Accepting authority' shall be the Board in matters of performance appraisal of the HIA. Further, in such cases, the Audit Committee /Board shall meet the Head – Internal Audit at least once in a quarter, without the presence of the senior management (including the MD & Chief Executive Officer/WTD). The Head – Internal Audit shall not have any reporting relationship with the business verticals and shall not be given any business targets

Management Continuity

The Business Continuity Management Policy sets out rules and procedures for that would allow Company to continue in carrying out their business. In addition, this Policy defines the following management continuity rules in relation to the critical Staff.

Critical Staff and Absence- A member of the Critical Staff is "Absent" if (s)he:

- (i) dies;
- (ii) resigns;
- (iii) is removed or temporarily suspended from his or her office;
- (iv) is incapacitated for his or her role in the Company for the period of five or more days; or
- (v) is inaccessible by a cell phone or an email for the period of five or more days.

A member of the Critical Staff is not considered Absent, if (s)he notifies in advance to the CEO of his or her inaccessibility (e.g., due his or her vacation).

For purposes of this clause, "Critical Staff" comprise of:

- a) Board of Directors.
- b) Company CEO; and
- c) Head of Functions.

Absence of member of Board of directors

If any member of the Board of Directors is Absent, his or her responsibilities shall be performed by other member(s) of the Board of Directors subject to the adherence with the prescribed quorum requirements under the Companies Act 2013 and Article of Association of Company.

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If all members of the HCIN Board are absent, directors appointed by the shareholders at the general meeting shall perform their responsibilities.

Planned absence

If the Company CEO or any Head of Functions plans to be inaccessible by a cell phone or by email for the period of five or more days, he/she shall appoint a deputy to perform his or her responsibilities during the period of his or her Absence.

The CEO shall inform of his or her deputy to the Head of Functions and the Group Company CEO. The Head of Functions shall inform of his or her deputy to the CEO and his/her direct subordinates.

Unexpected absence of CEO

If the CEO is unexpectedly absent, any Head of Functions or any other person appointed by the Group CEO shall perform his or her duties until the earlier of (i) appointment of a new or acting CEO or (ii) termination of his or her Absence. The approval of Board of Directors shall be taken for such appointment as per the requirement under the applicable laws.

Unexpected absence of Head of Functions

If any Head of Functions is unexpectedly absent, his or her deputy shall be promptly appointed by the CEO and perform the respective responsibilities until the earlier of (i) appointment of a new or acting Head of Function or (ii) termination of his or her Absence. The approval of Board of Directors shall be taken for such appointment as per the requirement under the applicable laws

SUITABILITY OF MEMBERS OF GROUP AND GROUP COMPANY BOARDS

The Boards shall adopt the Board Members Selection and Suitability Policy which shall set out principles and criteria governing the process for selection, appointment, and renewal of the members of the Company Boards, as well as requirements that directors must meet, including suitability requirements.

CONFLICT OF INTERESTS

A conflict of interests may arise when one or more members of the Staff or Group Companies have competing interests and serving one interests may involve detriment to another. The Conflict of Interest Policy sets out arrangements in connection with the identification, documentation, escalation and management of conflicts of interests.

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.

REPORTS AND OTHER MATERIALS FURNISHED BY HEAD OF FUNCTIONS TO THE COMPANY’S BOARDS

The Compliance Department shall compile and keep up to date a list of reports and other materials which shall be tabled to the Company Board. The Company Chief Legal Officer shall be responsible for monitoring that all reports and materials, which are on the list, are tabled to the Company Board. The below table sets out the illustrative list of key reports which shall be tabled by the Head of Functions to the Board of Directors of the Company to enable the Board to discharge their responsibilities. Other reports and materials may be tabled upon request of the Company’s Board or their members.

S. No	Name of Report	Frequency	Submitted by
1	Minutes of meeting of committees of the Company	Quarterly	Secretary of Respective Committee/ Compliance Function
2	Financial Statements	Annually	Finance Function
3	Annual Business Plan and review of performance of the Company.	Quarterly /Annually	Finance Function
4	New Regulations/Changes in Regulation issued by Regulators	Ad Hoc	Compliance Function
5	Company Polices	Ad Hoc	Respective Function
6	Annual fraud report for the calendar year, New fraud reported and Quarterly status report of fraud cases.	Quarterly/Annual	Vigilance Function
7	KYC Reports	Annually	Operations Function

8	Money Laundering and Terrorist Financing Risk Assessment Report.	Half Yearly	Government Relation Function
9	Customer Complaints and FPC Compliances	Quarterly	Operations Function
10	Corporate Governance Report	Annually	Compliance Function
11	Portfolio risk performance	Half Yearly	Risk Function
12	Status of progressive risk management policy and strategy followed by the company.	Annually	Risk Function
13	Business Impact Analysis Results.	Annually	Finance Function
14	Risk Assessment of IT Systems.	Annually	IT Function
15	Internal Audit Report	Ad hoc	Internal Audit Function
16	Complaints under Vigil Mechanism	Half Yearly	People Function
17	Review of Risk Appetite Limits/ Statement	Annually	Risk Function
18	Review/ evaluate/ take note of other risks	Quarterly	Risk Function
19	2LoD Control Plans	Annually	Compliance Function/ IT Security Function/ Risk Function
20	2LoD Control Activity Reports	Annually	Compliance Function/ IT Security Function/ Risk Function

ESCALATION AND NOTIFICATION OF ISSUES

The Company shall implement an effective communication system for escalation and notification of Issues and Material Issues.

Issues shall be escalated vertically. The Issue shall be escalated by a member of the Staff, who discovered the Issue, to his or her direct superior and then through the managerial hierarchy of the Company up to the Company Board. If the escalated Issue is resolved at any managerial level of the Company, the Issue does not need to be escalated to the upper managerial level. The Company “Legal and Compliance” must be involved in resolving any escalated Issue.

The Chief Legal & Compliance Officer of the Company shall promptly report any Material Issue without undue delay, which are known to him to the Group Chief Legal & Compliance Officer without delay. The Company’s Head - Internal Audit shall report to the PPF FH Chief Internal Audit officer of any Material Issues without undue delay, which occurred in the Company, and which are known to him or her.

EXCEPTIONS

The Chief Legal & Compliance Officer has the right to ask for exceptions from this Policy only if this exception is necessary to meet the local regulatory requirements or would bring considerable process improvement to the Company.

In case of contradiction with the local legal requirements, the Group Chief Legal & Compliance Officer and the CEO shall be informed about any request for exception/changes related to this Policy before its approval.

Annexure A**Leadership Qualities****I am fair**1. Integrity:

- Do the right thing
- Treat customers and colleagues as you wish to be treated
- Say what you think even if it is uncomfortable
- Listen to other's input ... genuinely
- Be known for candour, authenticity, and transparency
- Stay focused on the goal ... no kingdoms no politics
- Apply meritocracy and facts when taking decisions

2. People Centricity:

- Strong team leader – strong team member
- Empower the team, leverage strength of the members, create co-leadership space and actively contribute to the team
- Sustain focus on development of team members through meaningful development plan and learning opportunities
- Actively seek feedback - actively give feedback
- Act as coach and support to peers and junior members informally and genuinely
- Create an inclusive environment supporting diversity
- Set high personal goals and keep learning

I am innovative1. Customer Obsession:

- Put external and internal customers in the centre of all our activities
- Display deep understanding of our customers, their habits, their needs, their preferences
- Try to understand future customer needs, trends and the impact of digital transformation
- Aim to exceed expectations of our external and internal customers every day
- Be driven by customer feedback

2. Digital Savviness:

Home Credit

- Learn quickly and eagerly new technological trends which can improve our business model
- Seek to understand the technological aspects of the Company's business
- Seek more effective digital and, preferably, self-service processes
- Drive critical thinking – understanding the relationship between digital practices, power, and sociocultural contexts
- Leverage all available digital tools to increase efficiency and improve lifestyle

I am focused on results1. Operational Excellence:

- Excel in all aspects of agile delivery
- Inspire others by displaying permanent drive for execution excellence
- Challenge prevailing assumptions and suggest new and better approaches
- Keep nimble by simplifying and minimising complexity
- Stay focused on the goal and finish all tasks to the end
- Actively contribute to cross-functional collaboration to ensure appropriate problem solving

2. Risk In Mind:

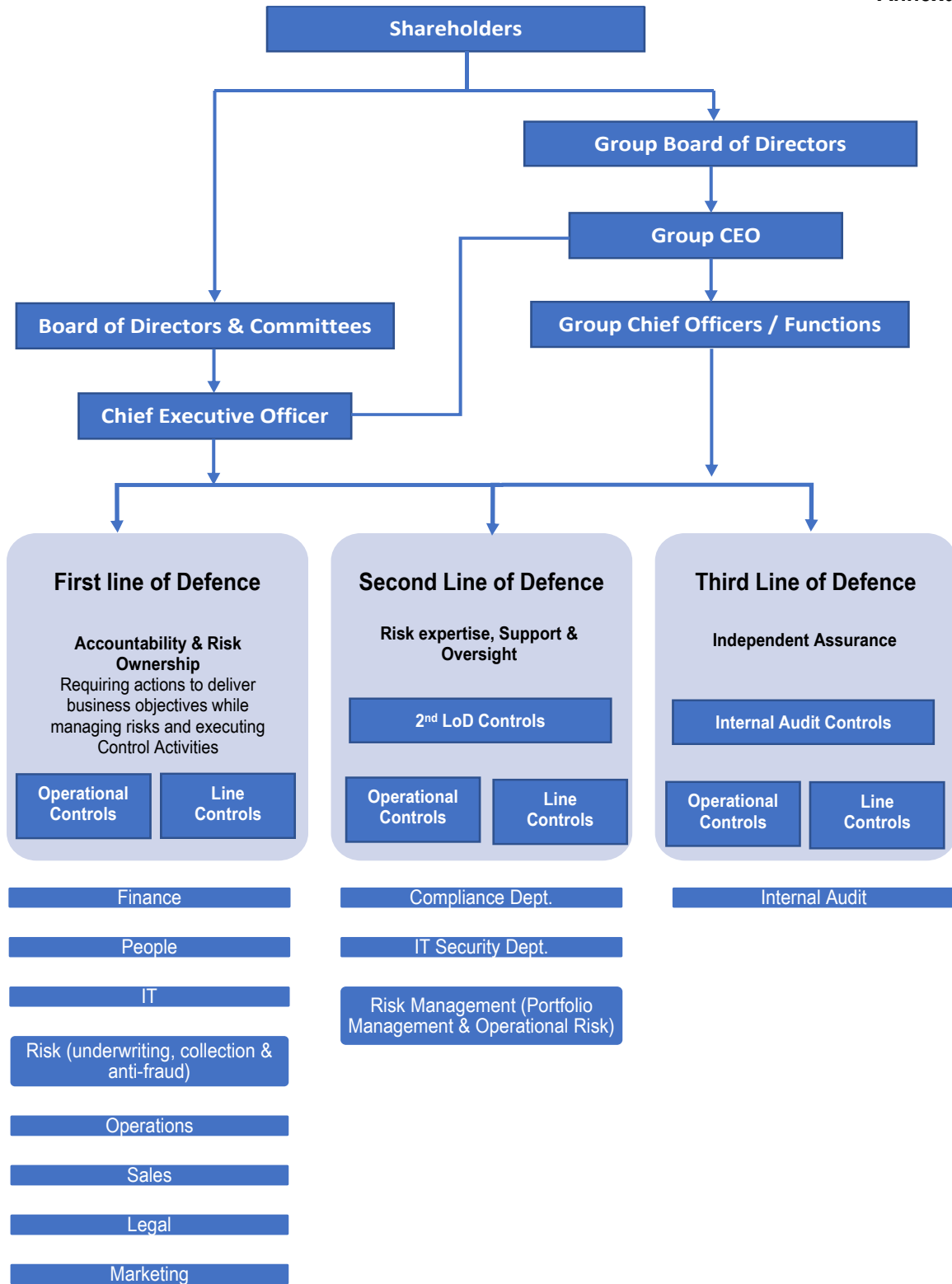
- Identify all potential risks and pitfalls in advance
- Make an informed decision based on knowing relevant risks and their likelihood
- Ensure appropriate measures are taken sufficiently ahead of time to manage risks
- Share relevant info to enable effective risk management both at the individual and team/company level
- Balance risks and opportunities when making decisions

I am entrepreneurial1. Thinking Big:

- Focus on creating meaningful and sustainable opportunities for the Company
- Assess and take decisions based on the long term, and not only short term, impact
- Recognise patterns and relationships in unclear situations. Think in a creative, conceptual and inductive way
- Understand the competitive landscape in detail and broadly and be able to define the implications for the Company strategy and organisation

- Understand the broader regulatory and societal issues that impact the Company's business.
 - Balances risks and opportunities when making decisions
2. Entrepreneurship:
- Communicate our strategy and purpose to others, inspire and lead them effectively
 - Focus relentlessly on what is best for the Company's customer and the Group as an organisation
 - Proactively propose new initiatives when confronted with an opportunity or an issue
 - Influence others positively and be able to create consensus around required initiatives
 - Network and build relationships internally and externally as broadly as possible
 - Focus on achieving end results in line with strategy and values

Annexure B



Brief Roles and Responsibilities of Functions-

1 Finance

- supports in making management decisions and presenting financial statements.
- Preparing the company's budget and plan.
- Provide profitability and financial risk simulations as a decision aid for major investment projects.
- Optimize the management of capital sources and their use, with a view to profitability and risk control.
- To ensure relations with the providers of funds, be it shareholders, banks, or the financial market
- Manage strategic projects: external growth, mergers, asset disposals, change management, etc
- Departments within Finance Function-
 - 1.1 Financial Planning & Analysis:
 - 1.2 Controllership:
 - 1.3 Procurement:
 - 1.4 Funding & Joint Lending:
 - 1.5 Treasury Mid - Office mainly takes care of:
 - 1.6 Tax

2 IT & Data Science

- Aligning the activities and functions of the IT & Data Science strategy with the Business strategy by identifying and exploiting opportunities to improve the use of IT within HCIN
- Ensuring optimal investments in IT, management of cost, and measurement of the return on investment
- IT resources are sourced optimally and legitimately, keeping core capabilities in-house. Assurance is obtained on the controls over significant outsourced IT services.
- IT Risk Management is in place to ensure that risks emanating from the use of IT infrastructure are identified and adequate mitigation controls are applied.
- Information, IT assets and intellectual property contained in IT systems are protected and effectively managed and used
- Adequate business resilience arrangements in place for disaster recovery plan
- Enabling synergies between IT initiatives and IT choices in the best interest of the organization, and not only, those of individual business units
- Departments within IT & Data Science Function-

- 2.1 IT Development
- 2.2 IT Architecture & Mobile App Development
- 2.3 IT Operations:
- 2.4 IT Network
- 2.5 Data Science

3 CRM & Digital function

- defining customer centric strategy and transformational changes, co-building with Company's long-term plan to reposition the business model and significantly increase value creation.
- developing and driving omnichannel strategies to acquire customers and deepen engagement, to increase customer profitability
- refining and upgrading the digital customer value proposition.
- Achieve the targeted sales volume / number of accounts for Tele sales channel
- Departments within CRM & Digital Function-
 - 3.1 CRM Strategy
 - 3.2 Customer Lifecycle Management
 - 3.3 Tele Sales
 - 3.4 Digital

4 Risk Management

- Management of risks coming from or related to the business activities of the Company.
- Monitoring and evaluation of various categories of risk, their impact and preparation of countermeasures.
- Advice, support and coordination in the area of risk management i.e, Development of regulations in the Risk management area and their revision, Management of risks in line with the company risk regulations and procedures and provision of controls of their implementation across the company, Providing of reporting and monitoring function to the Company, Escalation of breaches of risk limits and material risk exposures, Supervision of the risk management performance and its adequacy.
- Departments within Risk Management Function-
 - 4.1 Antifraud
 - 4.2 Portfolio Management and Operational Risk
 - 4.3 Collections Strategy
 - 4.4 Collections (Tele, Early & Field)
 - 4.5 Vigilance
 - 4.6 Underwriting

5 Sales

- deliver cost efficient customer acquisition and to manage partners network while keeping risk of created portfolio low.
- Expansion of POS network, maintaining expected productivity
- Setting Key Performance Indicators and evaluating sales results against the performance indicator on all levels of Sales management
- Co-owning of Customer Charter / Customer Experience and implementing parts related to Sales practices (responsible lending)
- Effective roll-out to new territories, market expansion
- Building, managing, and developing Sales management team, right staffing, succession planning
- Strategic tasks / deliverables:
- Optimize sales process while using new technologies e.g. mobile application.
- Manage transition from traditional acquisition products to revolving / credit card products.
- Design motivating sales incentive schemes for SA and variable target-based schemes for partners, define the right profile for all Sales jobs.
- Promoting importance of Risk management/delinquency.
- Develop partners network through strong marketing value proposition e.g. discounts, actions, subventions, products.
- Build effective Key account function to enable us getting the right position at key retailers and manufacturers.
- Find new segments / partners / manufacturers to expand OEM business.
- Departments within Sales Function-
 - 5.1 Sales Network
 - 5.2 Digital Network

6 People

- Preparation and management of long-term human capital strategy
- Supporting all the functions on hiring, development and management of human capital
- Managing employee life cycle, payroll processing, personal administration and expatriate support
- Act as a consultant for top management and vertical leads on people related decisions and legislations
- Collaboration with external agencies providing HR services (training, recruitment etc.)
- Departments within People Function-

Home Credit

- 6.1 Shared Services
- 6.2 Compensation and benefits
- 6.3 Learning and development
- 6.4 People Partnership
- 6.5 Talent acquisition and management
- 6.6 People communication
- 6.7 Expat Management
- 6.8 Facility Management
- 6.9 Operations Management

7 Marketing & Customer Experience

- Preparation and management of long-term Marketing strategy
- Responsible to develop and sustain Custex Strategy that articulates a clear vision of the experience that Home Credit seeks to create in support of the company's brand values, including its direct linkage to Custex activities, resources and investments.
- Creation and reporting of the measures of Custex success including their use in business case to illustrate the ROI and business value of customer experience.
- Creating and nurturing a customer-centric culture, through behaviours, practices, standards and values that encourages all employees to focus on delivering unmatched customer experience.
- Implementing practices and approaches to continuously improve, design and differentiate customer experience.
- Implementing practices and approaches to continuously simplify customer's interaction with Home Credit.
- Understanding and prioritizing VOC feedback drawn across sources to identify customer pain points and opportunities to improve and differentiate; translate VOC into actionable steps and include into roadmap of Custex activities.
- Manage Home Credit brand and brand positioning in line with global brand guidelines
- Develop and manage customer communication supporting the products and company brand
- Managing PR activities of the company from all aspects
- Departments within Marketing & Customer Function-
 - 7.1 Marketing Communication
 - 7.2 Digital Acquisition & Engagement
 - 7.3 Public Relations
 - 7.4 Value Added Services: Insurance
 - 7.5 Customer Experience
 - 7.6 Product Management:

8 Legal & Governance

- Overall legal and compliance risk management of the company, legal support of other organisational units and ensuring that business activities of the Company are in line with applicable laws.
- Manager all company activities with respect to local compliance rules & laws.
- Managing legal matters of the company.
- Departments within Legal & Governance Function-
 - 8.1 Compliance
 - 8.2 Legal & Litigation
 - 8.3 Legal Funding

Annexure C**Loans to directors, Senior Management Officers and relatives of directors**

The Company shall not grant any loan and advances to the following except with the approval of the Board of Directors of the Company:

- a) the directors (including the Chairman) or relatives of directors as per Section 2(77) of the Companies Act, 2023,
- b) Senior Management Officers,
- c) any firm in which any of its directors or their relatives is interested as a partner, manager, employee or guarantor, and
- d) any company in which any of its directors, or their relatives is interested as a major shareholder, director, manager, employee, or guarantor.

Note: A director or his/ her relative shall be deemed to be interested in a company, being the subsidiary or holding company, if he/ she is a “**major shareholder**” or is in “**control**” of the respective holding or subsidiary company. “Major shareholder” means a person holding 10% or more of the paid-up share capital or five crore rupees in paid-up shares, whichever is lower. “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

A director who is directly or indirectly concerned or interested in any such loan and advances proposal shall be required to disclose the nature of her/ his interest to the Board when any such proposal is discussed. She/ he shall recuse herself/ himself from the meeting unless her/ his presence is required by other directors for the purpose of eliciting information and the director, so required to be present, shall not vote on any such proposal.

The Company, before considering a loan proposal, shall obtain a declaration from the applicant disclosing his/ her relationship with any of the Company’s directors/ Senior Management officers. The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

The Company shall disclose in its Annual Financial Statement, aggregate amount of such sanctioned loans and advances as per format prescribed under the RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.