

ANTIBRIBERY AND ANTI-CORRUPTION POLICY

Policy Details	
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Scope	HDFC Credila Financial Services Limited
Policy Owner	Compliance Team
Policy Type	All Employees
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Contents

1.	Introduction	4
2.	Purpose.....	4
3.	Scope & Applicability	4
4.	Policy Statement	5
5.	Anti Bribery and Corruption	7
6.	Risk Assessment	8
7.	Accepting Gifts and Entertainment.....	8
8.	Giving Gifts and Providing Entertainment	9
9.	Responsibility	9
11.	Bribery/Corruption complaint against any Senior Management Personnel.....	12

1. Introduction

HDFC Credila Financial Services Limited (hereinafter referred to as “HDFC Credila” or “the Company”) recognizes and follows all applicable laws and regulations and respects lawful customs of the regions where we operate and transact. In India, under the provisions of Prevention of Corruption Act, 1988 (PCA), acceptance or attempted acceptance of any form of illegal gratification (i.e., anything of value other than a legal entitlement) by a public servant is a punishable offence. Companies Act, 2013 also has provisions to prevent corruption in corporate sector.

In addition to the Prevention of Corruption Act, 1988, the Indian Penal Code, 1860 (“IPC”), Prevention of Money Laundering, 2002, Central Vigilance Commission Act, 2003, Lok Ayukta Acts of various states shall also apply to offences relating to or resulting in corruption and bribery and resolutions available.

In conformity with that, we are committed to acting and building relationships based on integrity and fairness in all our dealings. Hence, HDFC Credila has adopted a “Zero Tolerance” approach to bribery and corruption. Our Code of Conduct also articulates this intent in clear and express terms.

2. Purpose

The purpose of this Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”) is to safeguard and promote legitimate business throughout the Company and to prevent and prohibit corruption, bribery, and other similar acts in connection with the Company.

It requires all employees to recognize questionable transactions (Refer Annexure B), behavior, or conduct, and to take steps to comply, record and follow the procedures set in place to deal with such behavior or conduct.

3. Scope & Applicability

This ABAC Policy shall be applicable and binding on all employees, or any other person associated with HDFC Credila.

For the purposes of this ABAC Policy all employees/individuals or any other person associated with the Company means all employees (working at all level and grades) including permanent, part-time, fixed-term, contractual, consultants, directors, trainees, interns, seconded staff, agency

staff, or such other persons associated with the Company and such other persons, including those acting on behalf of the Company.

This policy should be read in conjunction with the

- Code of Conduct
- Disciplinary Action Policy and Framework
- Whistle blower policy.
- Any other relevant policies as may be implemented from time to time.

HDFC Credila will communicate the policy and practical procedures and its approach for the implementation of the policy to its employees and will publish this policy on its corporate website. Every employee is bound to comply with this ABAC Policy, as part of the Code of Conduct.

4. Policy Statement

- The Company does not tolerate bribery or corruption in any form or manner. Our Company is committed to implementing and enforcing adequate procedures to prevent, deter, detect, and counter bribery and corruption in any form or manner.
- As a part of this commitment, offering, promising to offer, or accepting bribes, directly or indirectly, and being involved in corruption is prohibited. This commitment shall reflect in every aspect of our business.

Our Company is committed to maintaining detailed and accurate books of accounts of all transactions, and has adequate controls and checks in place, which will aid in detection of bribery or corruption.

- Any violation of this ABAC Policy by an employee will be regarded as a serious matter and shall result in disciplinary action. In addition, our country's legislation imposes strict liability and, in some cases, even criminal liability on HDFC Credila and its directors, that fail to prevent bribery within their business.

Definitions

a) Bribery

Bribery includes the offer, promise, giving, demand, or acceptance of an undue advantage as an inducement for an action which is illegal, unethical or a breach of trust. Bribes often involve payments (or promises of payments) but may also include anything of value – providing inappropriate gifts, hospitality, and entertainment, inside information, or sexual or other favors; offering employment to a relative; underwriting travel expenses; abuse of function; or other

significant favors. Bribery includes advantages provided directly, as well as indirectly through an intermediary.

b) Corruption

Corruption includes wrongdoing on the part of an authority, or those in power, through means that are illegitimate, immoral, or incompatible with ethical standards. It is usually designed to obtain financial benefits or other personal gain. For example, bribes offered or promised in the form of money, a privilege, an object of value, an advantage to exert improper influence on decisions of an individual in his official capacity.

c) Gift, Hospitality and Entertainment

A gift is anything of value and would encompass any gratuitous monetary or non-monetary benefit. It includes tangible items such as cash, precious metals, and stones, jewellery, art, and any of their equivalents, and intangible items such as discounts, services, loans, favors, special privileges, advantages, benefits, and rights that are not available to the general public.

Hospitality generally includes refreshments, meals, travel, and accommodation. Entertainment generally includes vacation, trips, use of recreational facilities, tickets or pass for plays/concerts/sports events. Hospitality and entertainment may also qualify as a gift unless they fall within reasonable bounds of value and occurrence.

d) Public Official / Foreign Public Official

A "Public Official" would include the following:

- any person holding a legislative, executive, or administrative office of the government, or acting in the official capacity for or on behalf of a legislative, executive, or administrative office of the government, whether appointed or elected, whether permanent or temporary, whether paid or unpaid.
- any person in the service or pay of the government or of a corporation established by or under a central, provincial, or state statute, or an authority or a body owned or controlled or aided by the government or a government company or is remunerated by the government by fees or commission for the performance of any public duty.
- any judge, including any person empowered by law to discharge, whether by himself/herself or as a member of any body of persons, any adjudicatory functions.
- any person authorized by a court of justice to perform any duty in connection with the administration of justice, including a liquidator, receiver, or commissioner.

- any person who performs a public duty, including for a public agency or public enterprise, or provides a public service, as defined in the domestic law of the country, and as applied in the pertinent area of law.
- any elected or appointed officers or employees of public international or multilateral organizations,
- Anyone considered a public official according to applicable laws and regulations.

e) Facilitation payment or kickbacks

“Facilitation Payments” are unofficial payments made to Public Officials or any senior private sector executive in order to secure or expedite the performance/ non-performance of a routine or necessary action. They are sometimes referred to as 'speed' money or 'grease' payments or 'good-will money'. The payer of the facilitation payment usually already has a legal or other entitlement to the relevant action. “Kickbacks” are typically payments made in return for a business favor or advantage.

f) Third party

The term “third party” includes any individual or organization, who/which comes into contact with the Company or transacts with the Company, and also includes actual and potential clients, vendors, consultants, retainers, agents, advisors, distributors, business associates, partners (including academic institutions), contractors, suppliers or service providers who work for and on behalf of the Company.

5. Anti Bribery and Corruption

Under no circumstances, any employee may offer, promise, or grant anything of value to or receive from:

- Government / Public Official
- Any person, or members of their family
- A third party
- Charitable organization suggested by such a recipient.
- Customers and prospective customers in the form of rebate or any other inducement or.
- any other entity and/or individual, directly, or indirectly related and having a conflict of interest with the employee.

For influencing the recipient to take or refrain from taking any official action, or to induce the recipient to conduct business with HDFC Credila.

6. Risk Assessment

A risk assessment shall be conducted to identify the risk profile of the Company related to bribery and corruption. This shall include review of external factors (like industry, geographic footprint, regulatory landscape, etc.) and internal factors (like policies, procedures, training program, analysis of data etc.).

Based on the risk profile identified necessary steps for its mitigation shall be taken. The risk assessment process shall be undertaken once every two years or earlier in case of a major change in factors impacting the risk e.g. nature of business, new regulation, etc.

For high risk third parties, a detailed due diligence process shall be carried out on the promoters/key managerial personnel and the entity involved. This shall include searches in various compliance databases and media records, site visits, market research, analysis of financials, etc. The due diligence process shall be followed at the time of on boarding as well as at periodic intervals (at least once in two years) or at the time of renewal of contracts / purchase orders, as applicable. For high-risk borrowers / co-borrowers / individuals, we may propose to do an enhanced legal and profile check

The due diligence process for low-risk vendors could be limited to searches in various compliance databases, media records, etc. The due diligence process shall be carried out at least once in two years or at the time of renewal of contracts / purchase orders, as applicable.

7. Accepting Gifts and Entertainment

In general, employees may not accept gifts or the conveyance of anything of value (including entertainment) from current or prospective clients/ customers of HDFC Credila and its financial consultants or agents, partners, vendors, any other entity, any other entity or individual, directly, or indirectly related and having a conflict of interest with the employee.

Employees may never accept a gift under circumstances in which it could even appear to others that the business judgment may be compromised. Similarly, employees may not accept or allow a close family member to accept gifts, services, loans or preferential treatment from clients, agents, or others in exchange for a past, current, or future business relationship with HDFC Credila.

Cash gifts or their equivalent (e.g., gift cards or vouchers) may not be accepted under any circumstances. Non-cash gifts may be accepted when permitted under applicable law if they are:

- nominal in value (e.g. diaries, planners and similar stationery, inexpensive food items or any other items up to a maximum of approximately INR 5000).
- appropriate, customary, and reasonable meals and entertainment at which the giver is present, such as an occasional business meal or sporting event; or
- appropriate, customary, and reasonable gifts based on family or personal relationships, and clearly not meant to influence HDFC Credila's business. If employees have any questions about the appropriateness of accepting a gift, invitation, raffle or other prize, employees should disclose and discuss the matter with their manager prior to participation or acceptance.

8. Giving Gifts and Providing Entertainment

In certain circumstances, giving gifts and providing entertainment may be seen as a conflict of interest by others, or in extreme cases, bribery. Appropriate gifts and entertainment may be offered to clients by a person authorized to do so, subject to the procedures applicable for HDFC Credila.

9. Responsibility

Compliance Officer -

- The Company shall, from time to time, designate an employee of adequate seniority, competence and independence as Compliance officer to ensure compliance with the provisions of this ABAC policy and the same shall be notified to all the employees at the Company.
- All reports, complaints, doubts and concerns in relation to this ABAC policy shall be raised to the Compliance Officer. Any query, concerns or complaint received by any employee of the Company regarding bribery or corruption issue should be promptly reported to the Compliance Officer.
- Every query or concern raised in relation to any suspected violation of this ABAC policy shall be reviewed/investigated by the Compliance Officer. Any action required to be undertaken shall be taken by the Compliance Officer in accordance with this ABAC Policy and the Code of Conduct of the Company.

For the purpose of this Policy, the Chief Compliance Officer, and Head – HR have been designated as the Compliance Officer.

Company Employees -

- As a part of engagement with HDFC Credila and as an ethical responsibility, all the stakeholders such as Board of Directors, senior management, managers, and all other employees shall be responsible for the enforcement of and compliance with this ABAC Policy on business conduct to ensure awareness and compliance. Employees need to be alert about possible violations of this policy and report them to the HR/ Legal/ Compliance Officer/ or the Managing Director of HDFC Credila, Business Head or the Head of Department. Employees must cooperate in any internal or external investigations of possible violations.
- If one is asked to make a payment on the Company's behalf, one should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. One should always ask for a receipt which details the reason for the payment.
- If anyone has any suspicions, concerns, or queries regarding a payment, one should raise these with the HR/ Legal/ Risk department/ Compliance Officer, wherever possible, prior to taking any action.

10. Reporting of Concerns and Investigations

- a) Every employee is encouraged to raise concerns about any Bribery issue or any case of corrupt practice or any breach of this ABAC Policy or applicable ABAC law at the earliest. If they are unsure whether a particular act constitutes bribery or corruption or if they have any other queries, these should be raised with their respective reporting manager and the Compliance Officer at the following email address – vigilance@hdfccredila.com or write through letter at –

The Compliance Officer

HDFC Credila Financial Services Limited

B 301, Citi Point, Next to Kohinoor Continental,

Andheri-Kurla Road, Andheri (East), Mumbai 400 059

- b) No employee who in good faith, reports a violation of this ABAC Policy shall suffer any harassment, retaliation, or adverse employment consequences.
- c) For the reported concern(s) of potential or actual violation(s) of this ABAC policy, the Compliance Officer shall take appropriate steps such as:

Investigation:

- i) Enquiry or investigation of the reported concern for potential violation of this ABAC Policy shall be conducted by or with oversight of the Compliance Officer. The objective of such enquiry or investigation would be to determine the facts.
- ii) All investigations shall follow principles of natural justice.
- iii) The employees shall be provided with an opportunity to make their case before the investigation team.
- iv) Experts with the right knowledge and skills may be appointed to investigate the reported concern.
- v) The investigation process and the report should be kept confidential and shall be shared only with such persons who have a “need to know” under applicable law or Company’s standard investigation process.

Corrective Action

If necessary, corrective actions shall be prescribed or suggested to appropriate managers, officers, and employees for implementation.

Disciplinary Action:

The Compliance Officer, after considering input from relevant stakeholders shall recommend appropriate disciplinary action, including but not limited to suspension and termination of service of such a defaulting employee. The Compliance Officer shall also recommend if the violation is potentially criminal in nature and should be notified to the relevant authorities under applicable law. In the event of criminal or regulatory proceedings, the employee shall cooperate with relevant authorities. Depending on the nature and scale of default the Compliance Officer may also recommend to the Board to commence civil and/or criminal proceedings against such employees in order to enforce remedies available to the Company under applicable laws.

11. Bribery/Corruption complaint against any Senior Management Personnel

In case a complaint is received against any key management personnel and / or member of the executive committee, the Compliance Officer would forward the email to the chairman of the audit committee within 2 working days of the receipt of the complaint.

Based on the gravity of the case, the Audit committee chairman may decide to advise the Compliance Officer on the future course of investigation, as mentioned below:

- A.** In case the complaint is of a *serious nature, as interpreted by the Audit Committee Chairman:
- He/ She will be required to keep the Chairman of the Board informed about the same.
 - He/ She may, in consultation with the Chairman of the Board decide to appoint a third-party investigator and/or a law firm and/or expert, to investigate the case. The lead investigator in such cases will be appointed by the Audit committee chairman, as felt appropriate.
 - Matters if any, related to management of the external stakeholders including the media, regulator etc. would be decided by the Chairman of the Audit committee, in consultation with the Chairman of the Board.

The MD & CEO's suggestion regarding the investigation may be sought by the Chairman of the Audit committee, in cases where the complaint is not against the MD & CEO.

Note: A complaint of a serious nature would mean any complaint that may involve serious questions related to the governance standards adopted by the organization and/or matters that may pose significant operational/financial/reputation risk or loss to organization or reputation risk to 'HDFC' or 'Credila' brand and/or as interpreted by the Audit committee chairman.

- B.** In all other cases, he may advise the Compliance Officer to carry out the investigation as per the usual defined process. In such cases, the lead investigator will be appointed by the Audit committee chairman, as deemed fit.

The MD & CEO's suggestion regarding the investigation may be sought by the Chairman of the Audit committee, in cases where the complaint is not against the MD & CEO.

12. Review

This policy shall be annually reviewed and updated by the Human Resources Compliance team if there are significant changes in the applicable regulations. In case of any discrepancies found in the policy, the relevant portions of the Code of Conduct and the Whistleblower policy should be the standard. Awareness on this policy will form part of the induction process where if required, employees will receive relevant inputs on how to implement and adhere to this Policy.

Any exceptions and future modifications to this policy would be subject to approval by the Chairperson of the Audit committee or Chairperson of the Whistle-blower committee or MD and CEO or Head - HR.

ANNEXURE A - RED FLAG INDICATORS

While an exhaustive list cannot be provided, set out below are indicative questionable transactions or situations that employees should be careful about – which, when appearing together or individually, should raise a 'Red Flag' to the Reporting Manager or the Compliance Officer:

- A contract requires the use of a third-party consultant where the third party's principal or owner is a government official.
- The business lacks qualifications or resources, i.e. the potential business partner does not appear capable of performing the services being offered.
- Any potential partner who provides guarantees of success or claims to have the ability to obtain licenses or other government approval without providing a description of a legitimate manner by which those goals will be accomplished.
- Transactions involving unusual payment patterns or financial arrangements. Accordingly, a request to pay unusually high commissions is a warning sign of possible corruption. A request to deposit commissions in multiple bank accounts, perhaps in offshore banks, also justifies additional scrutiny.
- A potential third party who refuses to accept an ABAC or anti money laundering clause in the proposed contract.
- Based on pre-acquisition due diligence, it becomes apparent that the potential counterparty has a reputation for offering bribes or violating other laws or indulging in unusually structured transactions.
- Inflated payouts to, or questionable role in the project of potential counterparty or its affiliate.
- A proposed third-party resist or fails to provide details of parentage or has undisclosed principals, associates, or subcontractors with whom it splits fees.
- A third-party counterparty refuses access to its books and records were requested under the proposed contract.
- A Public Official suggests, requests, urges, insists, or demands that a particular third party, company, or individual be selected or engaged, particularly if the official has discretionary authority over the business at issue.
- The third party insists on dealing with government officials without the participation of the Company.
- The fee, commission, or volume discount provided to the third party is unusually high compared to the market rate.
- The third party has a reputation for paying bribes, requiring bribes be paid to them, or for having a "special relationship" with government officials.

ANNEXURE- B

- Anti-bribery.
- Compliance with laws, regulations, and professional standards.
- Requirements to report, and consult in relation to, suspected wrongdoing by personnel, clients or third parties.
- Facilitation payments.
- Inducements, including gifts and entertainment.
- Political donations.
- Charitable donations and sponsorships.
- Insider trading.
- Arrangements with suppliers and other third parties, and internal accounting controls.