

Corporate Office: Plot No. A9, Sector 3, Noida - 201301
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 4306000 Fax: +91 120 4310288
CIN: U65923HR2008PTC046947

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COMPLIANCE POLICY

(Approved on 21st December, 2023, reviewed on 31st March, 2025 and amended on 19th May, 2025)

The Compliance Policy aims at managing compliance risk and also oversees its implementation besides ensuring that compliance issues are resolved effectively and expeditiously with the assistance of compliance staff.

1. OBJECTIVES

The purpose of the compliance function and compliance policy is to ensure the compliance of the applicable regulations /norms of RBI in both letter and spirit in a sustainable manner.

The objectives of Compliance Policy are:

- i. To introduce standards and procedures relating to compliance functions, which are in line with international and national practices.
- ii. To propagate Compliance Function as an integral part of Governance, Internal Control and Risk Management Process.
- iii. To enlighten all constituents for initiating preventive measures for mitigating compliance risk.
- iv. To prevent Material Financial Loss or Loss to Reputation, which the Company may suffer owing to failure to comply with Laws, Regulations, Rules, Relating to Regulatory Organizations; Standards and Code of Conducts applicable to NBFC Activity.
- v. To frame NBFC compliance functions, which would help Senior Management and the Board of Directors in recognising the legal and reputation risks in the NBFC which required to be monitored for mitigating compliance risk.
- vi. To introduce a healthy compliance culture within the organization so that compliance functions are effectively complied with.

2. Key Principles and Compliance Policy

The Compliance Policy among others sets out basic principles to be followed by the staff of the Company for ensuring an effective and efficient compliance environment. These key principles, help to achieve the Company's vision, helping stakeholders, communities, and people. Compliance is most effective in the Company that emphasizes standards of honesty and integrity. It concerns everyone in the organization and should be viewed as an integral part of the business. The Company should hold itself to high standards when carrying on business and, at all times, strive to observe the spirit as well as the letter of the applicable law.

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3. Ownership of Compliance and sharing of compliance responsibility

Compliance starts at the top. The Board / Audit Committee of Board (ACB) is responsible for overseeing the management of compliance risk and implementation of the compliance policy and processes across the Company.

The Senior Management of the Company are responsible for managing the compliance risk and implementing the compliance policy. The Chief Compliance Officer (CCO) will support the Senior Management of the Company to enable it to function effectively.

Effective compliance management is an important component in the Company's business environment. Compliance is the responsibility of every individual in the Company. This implies demonstration of a strong commitment to compliance, good corporate governance, and responsible corporate behavior. To fulfil this responsibility, it is required of all stakeholders to:

- Possess a good understanding of the relevant compliance requirements applicable to the discharge of their duties.
- Ensure adherence to the applicable compliance laws, rules, and standards.

Employees may consult the Compliance Function for assistance with any questions regarding the Compliance Policy or any aspect of compliance responsibility.

4. Compliance culture and Independence

The Company promotes awareness of compliance requirements and ethical values to maintain an appropriate compliance culture throughout its businesses. The compliance culture should be enhanced through various forms of communication and interactions across the Company, e.g. awareness sessions, trainings, discussions on compliance requirements at management meetings, and other required programs. Independence of the Compliance Function is critical to objectively assess and express views on the policies and practices of other functions/businesses in relation to compliance. Compliance Function in the Company is independent of the business function. CCO reports to Audit Committee of the Board to enable clear independence. The CCO and Compliance Function shall have the authority to communicate with any staff member and have access to all records or files that are necessary to enable her / him to carry out entrusted responsibilities in respect of Compliance issues.

In addition, to enable independence, the following aspects were ensured:

- The Compliance Function -is functionally independent with no business or operational responsibilities, so that there is no conflict of interest.
- The roles and responsibilities of the Compliance Function and Internal Audit of the Company kept separate.

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5. Communication & Coordination

Both upstream and downstream communications are important for effectively managing compliance risks. The Compliance Function shall be responsible for identifying and communicating relevant compliance requirements, clarifications and regulatory requirements to all business teams and also keeping the Senior Management abreast of key changes on a timely basis. All communications, especially circulars and inspection related, received from the regulators shall be forwarded to the concerned team for further action within the Company.

In order to effectively and efficiently manage compliance risk, the Compliance Function should work in close coordination with other functions. Internal Audit should keep the Compliance Function informed of audit findings related to compliance. Audit findings will serve as a feedback mechanism to assess areas of compliance breaches and failures. CCO shall be the focal point between the Company and regulators.

6. Regulatory Relationship and dissemination of guidelines

Cordial regulatory relationships with all regulators are one of the key elements of the compliance culture and the Company would like to achieve and maintain the same. This shall be done by engaging proactively with the regulators. All queries / clarifications sought by the regulators shall be promptly replied / clarified by the Company. The regulatory relationship management shall be the responsibility of the Chief Compliance Officer and shall be the focal point between the Company and regulators.

All correspondence received from the regulator requiring actions from the Company shall be sent to the relevant business/functional heads by Compliance Function and the response would be submitted within given time to the regulators.

The Compliance Function will act as nodal point for coordination of the inspection by regulators having jurisdiction over the Company. All the requirements of the regulatory inspection will be provided by Compliance Function with the help of concerned Business / Support functions.

The Compliance Function shall, with the help of other business/support functions ensure timely and accurate submission of responses to the regulatory inspection observations including Risk Mitigation Plan (RMP) / Monitorable Action Plan (MAP) points.

Any change in the regulatory environment, e.g. introduction of new/revised guidelines or regulations by the regulator or change in the Company's internal codes/guidelines etc. should be tracked by Compliance Function. It should then communicate the change and the actions to be taken to the concerned business and support functions.

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7. Chief Compliance Officer/ Compliance Function

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

The Compliance Department shall be headed by the Chief Compliance officer. There shall not be any dual hatting i.e. the CCO shall not be given any responsibility which brings elements of conflict of interest, especially any role relating to business.

The key compliance related responsibilities of the Chief Compliance Officer/Compliance Function include:

- CCO shall ensure strict observance of all statutory and regulatory requirements of the NBFC, including standards of market conduct, managing conflict of interest, treating customers fairly and ensuring the suitability of customer services.
- CCO shall report instances of all material compliance failures which may attract significant risk of legal or regulatory sanctions, financial loss or loss of reputation to the Senior Management/ACB along with actions taken including staff accountability.
- The CCO and Compliance Function shall have the authority to communicate with any staff member and have access to all records or files that are necessary to enable her / him to carry out entrusted responsibilities in respect of Compliance issues. This authority shall flow from the Compliance Policy of the NBFC.

8. Roles and responsibilities

Compliance is the responsibility of every individual in the Company and therefore each one has a role to play to ensure effective management of compliance risk.

The roles and responsibilities for management of Compliance risk are detailed below.

8.1. Audit Committee of the Board (ACB)

The key compliance related responsibilities of ACB include:

- Ensuring that an appropriate Compliance Policy is in place in the Company to manage compliance risk and also overseeing its implementation.
- Ensuring that compliance issues are resolved effectively by Senior Management with the assistance of CCO.
- Reviewing the reports received from the CCO on compliance risk management activities and prescribing the periodicity for review of compliance risk.
- Reviewing the Compliance Policy annually.

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8.2. Role of Senior Management

Senior Management, with the assistance of the CCO, should:

- Carryout an exercise at least once a year to identify and assess the main compliance risks facing the Company and manage them. Report promptly to the Board/ACB on any material compliance failure (e.g. failure that may attract a significant risk of legal or regulatory sanctions, material financial loss, or loss to reputation)
- Ensure that appropriate remedial or disciplinary action has been/is being taken if material breaches are identified.
- Review the mitigation plans on various compliance risks identified, monitor the timely resolution of compliance issues arising out of various internal and external inspections, audits and compliance breaches, and assist in creating a compliance conscious culture

8.3. CHIEF COMPLIANCE OFFICER/ COMPLIANCE FUNCTION

- Assist the Board and the Senior Management in overseeing the implementation of Compliance Policy, including policies and procedures, prescriptions in Compliance Manuals, internal codes of conduct, etc.
- Play the central role in identifying the level of Compliance risk in the company. The Compliance risks in existing / new products and processes shall be analysed and appropriate risk mitigants put in place. CCO shall be a member of the 'new product' committee/s. All new products shall be subjected to intensive monitoring for at least the first six months of introduction to ensure that the indicative parameters of Compliance risk are adequately monitored
- Compliance Function shall monitor and test Compliance by performing sufficient and representative Compliance testing, and the results of such Compliance testing shall be reported to the Senior Management. It shall periodically circulate the instances of compliance failures among staff, along with the required preventive instructions. Staff accountability shall be examined for major Compliance failures
- Ensure compliance of regulatory/ supervisory directions given by RBI and Risk Mitigation Plan (RMP) / Monitorable Action Plan (MAP) in both letter and spirit in the best possible manner.
- Attend to compliance with directions from other regulators in cases where the activities of the company are not limited to the regulation/supervision of RBI. Further, discomfort conveyed to the company on any issue by other regulators, and action taken by any other authorities / law enforcement agencies, shall be brought to the notice of RBI.

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- The Compliance Department may also serve as a reference point for the staff from operational departments for seeking clarifications / interpretation of various regulatory and statutory guidelines
- The CCO shall be the nodal point of contact between the NBFC and the regulators / supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI. Further, compliance to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function.
- In case, there are separate departments / divisions looking after compliance with different statutory and other requirements. In such cases, the departments concerned shall hold the prime responsibility for their respective areas, which shall be clearly outlined. Adherence to applicable statutory provisions and regulations is the responsibility of each staff member. However, the Compliance Function would need to ensure overall oversight.

9. Compliance Risk Assessment

The Company shall carry out an annual Compliance risk assessment in order to identify and assess major Compliance risks faced by them and prepare a plan to manage the risks. The Annual review should broadly cover the following aspects:

- i. Compliance failures, if any, during the preceding year and consequential losses and regulatory action, as also steps taken to avoid recurrence of the same;
- ii. Listing of all major regulatory guidelines issued during the preceding year and steps taken to ensure compliance;
- iii. Compliance with fair practices codes and adherence to standards set by self-regulatory ; and
- iv. Progress in the rectification of significant deficiencies and implementation of recommendations pointed out in various audits and RBI inspection reports

Compliance risk shall be included on the risk assessment framework of the Internal Audit Function, and Compliance Function shall be subject to regular internal audit.

10. Training and Education

Training and education build awareness and understanding of compliance risk management policies, procedures and issues. The Compliance Team should be up-to-date with developments in the areas of regulatory guidelines, rules and standards.

An on-boarding confirmation shall be obtained from the employee that he/she has read and understood the Company's:

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- Employee Code of Conduct
- Fair Practices Code

11. Annual review

The Compliance Policy must be reviewed at least annually and shall be placed before the Board / ACB for approval.