

	Code of Conduct Hero FinCorp Limited	Review Date: October 2025	Reviewed and Approved by: Board of Directors
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Collections Code of Conduct

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V1	29.07.2024	Approval of Code of Conduct
V1.01	31.10.2025	To update and align the policy in line with the RBI guidelines

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HERO FINCORP LIMITED

CODE OF CONDUCT FOR COLLECTION AND RECOVERY AGENCIES AND AGENTS

Preamble

As per the RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, all NBFCs shall put in place a Board approved Code of conduct for Collections & Recovery Agents (“CRA/Agents”). The Indian Banks' Association, a voluntary association of Banks in India, have issued the Model Code of Conduct for CRAs non-statutory code for adoption and implementation by CRAs while operating as Agents of Banks and Financial Institutions. The Board of Directors of Hero FinCorp Limited (“**the Company/HFCL**”) has laid down Code of Conduct for the Debt Collections and Recovery Agencies and Agents which will be applicable for Agency / Agents while operating as representatives of **the Company**.

Applicability

This Code of Conduct (“**CoC**” or “**Code**”) for Agency / Agents has been adopted and included as part of the agreement between the Company and the Agency establishment. This Code will apply to all persons employed by the Agency/Agents who would be involved in collections and recovery procedures and other incidental services performed/rendered on behalf of the Company.

The Agency/Agents must agree to abide by this Code prior to undertaking any collections and recovery operation on behalf of the Company. Any employee or associate of the Agency/Agent found to be violating this Code will be blacklisted and the Agency/Agent will report such action taken to the Company from time to time. Failure to comply with this requirement may result in permanent termination of the business tie-up of the Agency with the Company and may even lead to permanent blacklisting by the industry.

To ensure that the employees/ associates of the Agency adhere to the terms of this, the Agency shall obtain a declaration from them before assigning them their duties. The format of the declaration is enclosed as per Annexures.

Code of Conduct

Do's and Don'ts for Collection- Recovery Agents (CRAs)

Code	Do's	Don'ts
Appearance, dress code	• Well groomed, ironed, clean and tidy formals. • Shirt sleeves buttoned down.	• No long unkempt hair. • Shirt sleeves not rolled up. • No chappals or sandals.

Speech	• Introduce yourself with identity card. • Use formal address. • Tone should be sincere, polite yet assertive and firm. • Decency and decorum to be maintained. • Fluency in English and/or local language	• Do not get tough or aggressive or abusive. • Do not lose cool, get angry or even irritated irrespective of reason. • Pitch should not be high. • Should not get personal.
Belongings	• Identity Card, Letter of authority. • Official receipt book issued from Company. • Diary for writing the information gathered • Customer's current statement of account.	• Do not collect any cash without issuing Company authorized receipt to the customer.
Ethics	• Fair and ethical in your dealings with customers. • Repossessions interaction should be based on courtesy, fair treatment and persuasion.	• Collector should not make any verbal or written promises to customer without prior written consent of the Company, on matters outside his purview or on product features. • No personal dealings with customers. • No gifts or favors or bribes shall be accepted by the Agents.
Information and Confidentiality	• Present clear information to customers about the terms and conditions of the loan along with the current loan status. • Present all the information required by the customer in an orderly fashion and in vernacular language or the language as understood by them. • HFCL and Agents to keep records of interactions with the customer. • Agency/Agents including its staff shall always treat all the personal information of the customers as confidential. • Agents should respect a customer's privacy. • Discussion should be held only with the customer and any other individual/family member such as customer's accountant/ secretary / spouse, as authorized by the customer .	• Un-authorized information written or verbal cannot be divulged to any customer • No information of one customer to be shared with other customers.
Trainings	• Agents shall be properly trained to handle their responsibilities with care and sensitivity, particularly aspects such as hours of calling, privacy of customer	

	information and not resorting to harassment of any kind, either verbal or physical, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, etc.	
Process Product Discipline	Agents will perform their role within the framework of the instructions issued to them in terms of process manuals and specifics of Repossession procedure based on the product.	
Maximize Effectiveness	Agents will strive to maximize the effectiveness of the visits by pre-visit preparation and result orientation in order to improve result.	
Proximity	Maintain a reasonable distance from the customer	- No physical contact with the customer - No obstruction to customer movement
Timing (Calls/ Visits)	- Earliest: 0800 hours - Latest: 1900 hours - Calls earlier or later than the prescribed hours may be placed only under the following conditions: (i) When the borrower has authorized to do so in writing or orally. (ii) Due notice of recall of the loan has been served by the Company on the borrower, and appointment of recovery agent has been intimated to him, and the borrower is intentionally avoiding calls of the RA (iii) Time and number of calls and contents of conversation will be documented - The borrower would be contacted ordinarily at the place of his choice and in the absence of any specified place he will be contacted at his/her residence in the place of employment/ business as the case may be.	- Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/ visits to collect dues. - Not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends. - Making threatening and/ or anonymous calls.

Call Etiquettes	• The Agent will identify himself/herself and the name of the Company he/she is representing i.e. HFCL. The Agent to state reason for call and provide the borrower with all the information regarding dues and necessary notice be given for enabling discharge of dues. • Offer to call back, if the borrower is busy. • Talk in language which is most comfortable to the borrower. • Keep conversation limited to business matters. • Reconfirm next call or next visit • Provide HFCL helpline/customer care number, as applicable or if required by customer thank the customer for his/her time	• Do not use inappropriate language that could create discomfort • Do not interrupt or argue over the call • Do not extend the conversation beyond business matters
Visit Etiquettes	• Respect personal space - maintain adequate distance from the customer. • Respect the customer's privacy. • If the customer is not present and only family members/office persons are present at the time of the visit, he/she will end the visit with a request for the customer to call back. • Provide his/her telephone number, and the supervisor's name or the concerned officer's contact details, if asked for by the customer. • Limit discussions with the prospect to the business - Maintain a professional distance.	• Do not enter the customer's residence/office against his/her wishes • No customer will be visited in large numbers - i.e. not more than one agent one accomplice if required
Representation	• The CRAs will identify himself/herself to the borrower and will apprise him/her of the authority to represent.	• Do not mislead/misrepresent the prospect on any service / product offered by the Company. • Do not mislead/misrepresent the customer about the DSA Establishment's business or name, or falsely represent them. • Do not make any false / unauthorized commitment on behalf of the Company for any facility/service.

Letters & other communication	Any communication sent to the customer shall be only in the mode and format approved by the Company	• Sending inappropriate messages either on mobile or through social media.
Repossession * (RA only)	• While written communications, telephonic reminders or visits by the bank's representatives to the borrower's place or residence will be used as loan follow up measures, the bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. • Repossession and Collection of Dues by RA to be carried out strictly as per HFCL norms and Fair Practice Code. • Reasonable notice will be given before repossession of security as well as before its realization. • All assistance will be given to resolve disputes or differences in a mutually acceptable and in an ordinary manner, if any as regards dues. • Demeanor that will suggest criminal intimidation or threat of violence would be scrupulously avoided. • Valuation and sale of property repossessed by HFCL will be carried out as per law and in a fair and transparent manner. The HFCL will have right to recover from the borrower the balance due if any, after sale of property. Excess amount if any, obtained on sale of security will be returned to the borrower after meeting all the related expenses provided the bank is not having any other claims against the customer.	• No repossession to be done before 800 hours and beyond 1900 hrs. • No repossession to be done without clear authentication and repo-kit from the Company by the agency. • Agents shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the debtors' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

Customer Communication Guidelines for CRA of HFCL

In addition to the Code of Conduct guideline, the following guidelines should be adhered to by all the employees/agents / agencies (CRA) authorized to represent HFCL for collection of dues from the customers. In case of failure to comply with these guidelines, appropriate and strict disciplinary action shall be taken against such person.

- i. Treat the customer with dignity. During all the conversations – communication (over telephone / in writing / during visits) professionalism and transparency should be displayed, and the Representatives should not treat it as personal.
- ii. Use the language which the customer understands and use the language of customer's choice. Strictly avoid use of tough / aggressive / threatening / abusive language, either verbal or in writing. Care should be taken to strictly avoid threatening /harass /irritating the customer.
- iii. In case any customer resorts to abusive or threatening tactics, the CRA should document it and promptly inform the name of such customer to HFCL's official.
- iv. CRAs are not authorized to send any written communication to customer by any mode (e-mail, letter, electronic messages, social media, etc.) to HFCL Customers. If customers are required to be communicated by e-mails / letters / electronic messages, CRAs should send a request to HFCL along with reasons and requirement for any written communication.
- v. CRAs should not promise or commit any type of written communication on behalf of HFCL.
- vi. CRAs should not mislead the customer about the action proposed and consequences thereof.
- vii. CRA should not mislead the customer or falsely represent or imply that he or she relates to or affiliated with any of the governmental or judicial authorities.
- viii. Without prior permission from HFCL, CRAs should not make any promise or commitment to any customer on behalf of HFCL.

General Instruction(s):

1. Protect the interest of the Company and ensure that the Company shall not suffer any reputational risk or loss due to any acts, deeds or actions or lack of the same, undertaken / supposed to be undertaken by the Agent.
2. Agencies / Agents shall refrain from any action that could damage the integrity and reputation of the Company and that they observe strict customer confidentiality.
3. Non – furnishing of any misleading/wrong information to any customer on the policies and the terms and conditions of the product.
4. Co-operate with HFCL officials in case of any investigations or inquiry.
5. Not sharing any internal communication received from HFCL with the customer, whether in print, electronic or any other medium of communication.
6. CRA including contractors, sub-contractors to take care of social and environmental requirements Viz. no use of child/forced labour, no use of hazardous things causing damage to the environment etc.
7. The Agency / Agents cannot accept any kind of gratuitous payment / benefit from any customer / potential customer in any form or manner for any services being performed for HFCL. Any acceptance of such gratuitous payment accepted by the employees / representatives of the Agents should be

immediately reported to HFCL and in such cases HFCL may in its discretion undertake any action which it deems fit.

8. The Agency/Agents shall not engage in discussing the customer interest with any other persons other than those authorized by the customer and/or HFCL.
9. A declaration shall be obtained from CRA employees /representatives before assigning them their duties is appended as Annexure 1 to this Code.

Empanelment of Collection and Recovery Agencies/Agents

Collections & Recovery Agencies/Agents seeking empanelment/engagement with HFCL shall submit the application for empanelment along with all necessary documents as per the procurement/empanelment process followed in the Company. The agreement shall be in accordance with the Outsourcing Policy of the Company and will contain below key elements:

- Activities to be performed
- ability to access all books, records and information relevant to outsourced activity
- continuous monitoring and assessment
- Termination clause and minimum period to execute a termination
- Contingency plan to ensure business continuity
- Prior approval for appointment of sub-contractors
- Right to conduct audits/inspection and access to documents by internal and external auditors,
- RBI or persons authorized by RBI or other regulators
- Confidentiality of customer to be maintained
- Preservation of data, document and other information.

Training of Collection and Recovery Agencies/Agents Recovery Agents

The Company shall ensure that, among others, the RAs are properly trained to handle with care and sensitivity, their responsibilities and limitations with respect to hours of calling, privacy of customer information, decency and decorum, resolution of differences in mutually acceptable and orderly manner etc.

Grievance Redressal Mechanism

Grievances disputes / complaints arising out of the services provided by Recovery Agents would be heard and disposed of after it is brought to their notice.

The Company's Grievance Redressal Machinery will also deal with the issue relating to services provided by the outsourced agency.

The Company shall display the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer prominently at its offices / places where business is transacted.

Generally, a time limit of 30 days will be given to the customers for preferring their complaints / grievances. The grievance redressal procedure of the Company is also placed on website of the Company.

if a complaint is rejected wholly or partly by the Company and the complainant is not satisfied with the reply or does not get any reply within 30 days, after the Company received the complaint, the

complainant shall have the options for redressal of their grievance(s) by filing the complaint to the RBI's Ombudsman.

Maintenance of database of Collection and Recovery Agencies/Agents

The Company shall maintain an up-to-date database of CRAs engaged / empaneled with them. The Company shall keep the audit/inspection, due diligence reports of the outsourced agencies whenever conducted in terms of the provisions of the agreement entered with the CRA, and action taken report (ATR) thereon.

Monitoring of Collection and Recovery Agencies/Agents

The Company may, on an annual basis, review the financial and operational condition of the Collections and Recovery Agencies to assess their ability to continue to meet their obligations. Such due diligence reviews, which can be based on all available information about the CRAs, could highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness. Management may fix the criteria's/threshold/ parameters for review and monitoring.

Periodic audits/thematic review either by the auditors or assurance functions of the Company may be carried to assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the Company's compliance with its risk management framework and the requirements of this Code.

Termination of Recovery Agencies

HFCL may consider termination or permanent blacklisting of CRAs who fail to comply with this requirement.

In the event of termination of the agreement for any reason, the Company may publicize it to ensure that the customers do not continue to deal with that service provider.

Review of the Code

This code shall come into effect from the date of approval of the Board of Directors of the company. The code shall be reviewed annually by the Company or as and when there are applicable regulatory/operational changes subject to approval from the Board.

**DECLARATION—CUM-UNDERTAKING TO BE OBTAINED BY THE CRA FROM ITS
EMPLOYEES / REPRESENTATIVES)**

Declaration And Undertaking

Re: Code of Conduct

**To,
Hero FinCorp Ltd
Vasant Vihar, New Delhi.**

Dear Sir / Madam,

I have been appointed by Hero FinCorp Ltd (HFCL) as a Recovery Agent.

The duty entrusted to me is to help HFCL's officials in recovering dues and the work entrusted by the officials in this regard.

In the discharge of my duties, I am obliged to follow the Code of Conduct attached to this document. I confirm that I have read and understood and agree to abide by the Code of Conduct. I further confirm that the trainer mentioned below has explained the duties and obligations in full to me.

In case of any violation, non-adherence to the said Code, you shall be entitled to take such action against me as you may deem appropriate.

Signed on this _____ day of _____ 20__

Signature _____

Name _____

Agency Name _____