

HERO HOUSING FINANCE LIMITED

**CODE OF CONDUCT FOR DIRECTORS
{INCLUDING INDEPENDENT DIRECTORS}
AND SENIOR MANAGEMENT**

Hero Housing Finance Limited (hereinafter referred as HHFL or the Company) is committed to maintain sound standards of Business Conduct and Corporate Governance. It also believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and complete compliance of laws.

The Board of Directors {in short, the Board} and the Senior Management of the Company undertake to abide by following Code of Conduct {in short, the Code} adopted by the Board and affirm compliance with this Code.

APPLICABLE TO ALL DIRECTORS AND SENIOR MANAGEMENT

The Code is applicable to all the members of the Board of Directors and its Committee/s and the Senior Management of the Company. Senior Management shall include all executives holding the positions of Executive Director/s (Non-Board Member/s), Chief Operating Officer, Presidents, Sr. Vice Presidents, Vice Presidents, Addl./ Asst. Vice Presidents, Sr. General Managers and General Managers, including all functional heads. Such executives are members of core management team of the Company.

Diligence: The Directors and the Senior Management are to exercise due diligence in attending to their respective duties and obligations in the best interest of the Company.

Conflicts of Interest: They are to be scrupulous in avoiding 'conflicts of interest' with the Company. The guiding norm is that any activity or situation involving conflict or potential conflict of interest must be disclosed to the Audit Committee and the Board for appropriate action.

Transparency: They are to ensure that their action/s in the conduct of business is/ are transparent, except where the confidentiality of the business requires otherwise. Such transparency shall be brought through appropriate policies, procedures, and maintaining supporting and proper records.

Honest and Ethical standards: They are to take action/s in accordance with the accepted standards of personal and professional integrity, honesty, probity, ethics, in good faith and in the best interest of the Company.

Business Integrity: They are to ensure that the Company carries out its business as per accepted practices of business integrity, ethical standards, fair play and conduct, honestly, legitimately and as a fair competitor.

Work place: They are to ensure that there is gender friendly work place, equal opportunities are given to men and women, and there exists good employment practices.

Quality of products/services: They are to endeavor that the products / services of the Company meet the accepted standards of quality and also the specifications of the legal authorities/ laws so that customer satisfaction is ensured. Moreover costs are kept reasonable.

Protection and proper use of the Company's assets: They are to ensure to protect Company's assets and property and the same should be used only for legitimate business purposes.

Confidentiality: They are to ensure that they and/or the concerned employees do not disclose any confidential information gained in the course of their employment / holding the position in the Company, for personal profits or future advantage of any other person/s.

Relationship with customers and suppliers: They are to endeavor that their dealings with the customers are given due importance, value is created and relationship of trust is built. In dealing with suppliers it should be the endeavor that supplies are based on need, quality, service, price, and appropriate terms and conditions.

Shareholders/Fixed Depositors: They are to ensure that the rights of shareholders and fixed depositors are met as per law and good corporate practices, and all efforts are made to provide best services to them.

Securities of the Company: They are to ensure not to enter into dealing/ insider trading in respect of the securities of the Company as prohibited under applicable law/s.

Information Technology: They are to ensure to use the information technology resources of the Company and social media responsibly without detriment to the interest of the Company.

Community Activities: They are to endeavor that the Company be a trusted corporate citizen and, as an integral part of the Society, fulfills its responsibilities and duties to the societies and communities in which it operates.

Compliance with laws, rules, and regulations: The Directors and the Senior Management shall ensure compliance with all the applicable laws, rules, regulations etc. as amended from time to time.

CODE FOR INDEPENDENT DIRECTORS

(As per Schedule IV of Companies Act 2013)

This Code is a guide to professional conduct of all Independent Directors. It is felt that adherence to these standards by Independent Directors, and fulfillment of their responsibilities accordingly, will promote confidence of the investment community, the minority shareholders and regulators in the institution of Independent Directors.

I. Guidelines of professional conduct:

An Independent Director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

Independent Directors shall:

- 1) help in bringing an independent judgment to bear on the deliberations of the Board, specially on issues of strategy, performance, risk management, resources, key appointments and conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinize the performance of management in meeting the agreed goals and objectives and monitor performance reporting system;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of all stakeholders;
- 7) determine appropriate levels of remuneration of executive directors and Key Managerial Personnel;
- 8) advise in the appointment of Key Managerial Personnel/senior management, and where necessary, recommend removal of executive directors, Key Managerial Personnel;
- 9) moderate/arbitrate in situations of conflict between management and shareholders' interest in the interest of the Company as a whole.

III. Duties:

Independent Directors shall:

- 1) undertake appropriate induction advice and regularly update their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and where necessary take appropriate professional advice and opinion of outside experts;
- 3) strive to attend all meetings of the Board of Directors and Board committees of which he/she is a member;
- 4) actively participate in the committees of the Board, where nominated;
- 5) strive to attend the annual/special general meetings of the company;

- 6) ensure that his/her concerns about the running of the company or a proposed action are addressed by the Board. If not resolved, the concerns be recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) ensure that adequate deliberations are held before approval of related party transactions in the interest of the company;
- 9) ensure that the company has a functional vigilance mechanism and that the interests of persons who use such mechanism are not prejudicially affected;
- 10) report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policy;
- 11) assist in protecting the legitimate interests of the company, shareholders and its employees;
- 12) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- 1) Appointment process of independent directors shall be independent of the company management. While selecting independent directors, the Board shall ensure that there is balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder, and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
 - a) the term of appointment;
 - b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

- c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d) provision for Directors and Officers (D and O) insurance, if any;
 - e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - f) the list of actions that a director should not do while functioning as such in the company; and
 - g) remuneration, periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- 5) The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the company during normal business hours.
- 6) The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of Independent Director shall be based on annual performance evaluation.

VI. Resignation or Removal:

- 1) Resignation or removal of an independent director shall be as provided in sections 168 and 169 of the Companies Act.
- 2) An Independent Director who resigns, or is removed, from the Board shall be replaced by a new Independent Director within a period of one hundred and eighty days from the date of such resignation/removal.
- 3) Where the company fulfils the requirement of Independent Directors in its Board without having to fill the vacancy created by such resignation/removal, the requirement of replacement by a new Independent Director shall not apply.

VII. Separate Meetings:

- 1) Independent Directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and other members of management;

- 2) All Independent Directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
 - a) review the performance of non-independent directors and the Board as a whole;
 - b) review the performance of the Chairperson of the company after taking into account the views of the executive directors and nonexecutive directors;
 - c) assess the quality, quantity and timings of the flow of information between the company management and the Board so that the Board and its members can perform their role effectively.

VIII. Evaluation Mechanism:

- 1) The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated).
- 2) On the basis of the performance evaluation, the Board will decide whether to extend or continue the term of appointment of the Independent Director.

COMPLIANCE WITH THE CODE OF CONDUCT

The compliance with the Code of Conduct is an obligation. The Directors and the Senior Management are to ensure to comply with the Code of Conduct and also that the Code is communicated to and understood and observed by all concerned in the Company.

The Directors and the Senior Management shall affirm compliance with the Code, on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the CEO of the Company. The Code shall be posted on the web site of the Company.

The Board expects all concerned to bring to its attention, or to that of Senior Management, any breach or suspected breach of the Code through the office of the Company Secretary. The Vigil Mechanism/ Whistle Blower Policy of the Company, wherever applicable, may be invoked.

The compliance with the Code of Conduct is subject to the review by the Board and complemented by the Audit Committee of the Board. Any modification/s, amendment/s, or review of the Code shall be done by the Board.