

Policy on Corporate Credit Cards and Business Debit Cards propositions offered by Global Payments Solutions (GPS) in THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, INDIA (HSBC)

(1) EXECUTIVE SUMMARY

HSBC GPS offers Corporate Credit (charge) Cards and Business Debit Cards to its wholesale banking customers across different segments for managing their travel and other business related expenses. Operational activities related to onboarding and servicing are in accordance with prevailing regulatory guidelines as issued by Reserve Bank of India (most recently and importantly, Master Direction – Credit Card and Debit Card Issuance and Conduct Directions, 2022 dated 21 April 2022) and also as per HSBC's internal policies and procedures.

This policy shall be reviewed by GPS on an annual basis.

PRODUCT VARIANTS

Following are the products currently being offered by GPS under the Corporate Credit (charge) Cards ('Credit Cards') and Business Debit Cards ('Business Cards') proposition.

a) Corporate Credit Card:

Corporate Charge Card (T&E)

Card issued to an employee who routinely incurs travel and other business related expenses on customer's behalf basis the authorisation received from the customer.

Purchasing Card

Charge Card issued under the customer's name used for the purpose of procurement of goods and services, utility bill payments and vendor invoice payments.

CTA Card

Card issued to pay towards air ticket, hotel bookings and other travel related expenses managed centrally by a travel management company on behalf of the customer.

Virtual Card

An electronic card product with no physical plastic issued to the customer used specifically for card not present transactions to merchants such as a hotel bookings or a merchant for invoice payment.

b) Business Debit Cards

HSBC offers Business Cards to its Business and Commercial banking customers to manage their petty cash expenses. The Business Cards can also be used for online and at Point of Sale (PoS) terminals for making payments. The Business Cards are only linked to current accounts. No Business Card shall be issued to cash credit/overdraft or loan account customers.

(2) ISSUE OF CORPORATE CREDIT CARD

a) Customer Acquisition

Credit Cards are issued to employees of the customer within the existing credit card limits in line with instructions issued by the Reserve Bank of India on Exposure Norms as well as Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

An agreement is signed by customer's authorised signatories nominated as per their Board Resolution for the setup of cards programme, along with relevant documentation such as card application form and authorisation letter, etc.

Timeline for issuance of credit cards: within 5 (Five) working days, provided the employee's card documentation is acceptable to HSBC and there is no discrepancy.

b) Credit Limits

Credit Cards are issued to customer or an employee (nominated as a Cardholder) by the customer and the Card Limit assigned to each Credit Card is within the overall credit facility extended basis the Facility Acceptance Letter signed by the Corporate. Limits are subject to periodic review and any changes due to exposure and asset classification are communicated to the customer.

HSBC shall subject to its internal policy, due diligence, prevailing regulations and credit assessment of the customer grant a credit limit to the customer for issuance of Credit Cards (Credit Limit). HSBC shall, based on the Credit Limit fixed for the customer allocate a Credit Limit for each Credit Card in consultation with the customer (Card Limit) and set up an Account in the name of each Cardholder (Card Account). HSBC shall be entitled in its discretion to change the Credit Limit and/or the Card Limit at any time by notifying the customer in this regard.

c) Customer Due Diligence (CDD) and Anti Money Laundering (AML)

CDD and AML checks would be carried out in line with the regulatory guidelines and HSBC's internal policy in this regard.

d) Sole Corporate Liability

The corporate liability in the product offering can be either:

- **The customer is solely liable for all charges incurred on all Credit Cards; or**
- **Where the customer requests HSBC to do so**, HSBC will accept payments from Cardholders acting as the customer's agent in settlement of the charges. Where such payment is not made in clear funds by the due date upon receipt of a demand from HSBC the customer will make such payment immediately to HSBC.

e) Fees and Charges

Customer agrees to the fees and charges as part of the pricing fee proposal and a standard tariff sheet is also available in the agreement signed by the customer.

f) Billing and Payments

HSBC sends a consolidated statement with aggregate due on all individual Credit Cards to the customer along with a copy of respective card statements to Cardholders via online channel and/or physically.

The customer is required to inspect, examine and verify the correctness of the statement and to inform HSBC in case of any discrepancy, irregularity or error in the statement within 30 (Thirty) days from the statement generation date. The statement shall be deemed correct if no objection is received by HSBC, provided always that HSBC shall be entitled at any time and without any liability whatsoever, to rectify any discrepancy, irregularity or error in the statement.

Since the Credit Cards issued by HSBC are Charge cards, there is no minimum payment concept and the complete outstanding as per the statement is payable by the customer on the due date.

The customer shall make payment of the aggregate amount due on all Card Accounts. Where the customer requests HSBC to do so, HSBC will accept payments from Cardholders acting as the Corporate's agent in settlement of dues on individual Card Accounts.

g) Customer default and subsequent regulatory reporting

In the event of any default (if partial or no payment is received as on due date), HSBC engages with the customer for the repayment and applicable overdue reporting happens against the customer (and not individual Cardholder) in line with the regulatory guidelines for wholesale banking.

h) Termination

The customer, including the Bank may terminate any or all the Card Accounts at any time by giving prior written notice to HSBC. All terms around customer or HSBC initiated closure of the card(s) and consequent terms and conditions are covered in the customer agreement.

Any request for closure of a Credit Card will be honoured within 7 (seven) working days by HSBC, subject to payment of all dues by the customer. Subsequent to the closure of the Credit Card, the customer will be immediately notified about the closure through e-mail, SMS, etc.

(3) INTEREST RATES AND CHARGES

In line with the Master Direction – Reserve Bank of India (Interest Rate on Advances) Directions, 2016 (as amended from time to time) banks are required to layout appropriate internal principles and procedures to ensure that usurious interest, including processing charges and other charges, are not levied by Banks.

Additionally, in accordance with internal group guidelines, any changes to pricing of Credit Card product goes through a robust internal governance process set out by HSBC.

Some of the major fees and charges levied on HSBC Corporate Cards are:

Cash Advance Fee – If cash is withdrawn using the Credit Card, a one-time charge as mentioned in the tariff guide is levied.

Late payment charge as per tariff guide will be applicable if the total outstanding as per the statement is not settled by the due date.

Finance Charge (Interest) – Finance charge is charged at 3.3% per month for extended credit if the complete payment is not received by the due date. Also finance charge is applied for cash advances using Credit Card from the date of withdrawal till the settlement at 3.3% per month. Detailed tariff sheet is available in the customer agreement.

Any other charges as defined as per tariff guide shall be applicable.

The primary reasons for levying finance charges are to cover:

- Cost of funds
- Other operational expenses

(4) Lost/Stolen Card

- a) If a Credit Card is lost or stolen, the Cardholder should report it to HSBC immediately by calling HSBC PhoneBanking or by logging into Mivision. The existing card will be blocked with immediate effect if reported by calling a call centre or via MiVision and a new card will be dispatched within 5 (Five) working days. HSBC is merely acting as a facilitator in taking up the dispute through MasterCard/VISA to the concerning merchant and shall not be liable for the outcome of the investigation.
- b) The Cardholder will not be held liable for any transaction made on the Credit Card after reporting the loss, theft, or misuse to HSBC.
- c) Although loss or theft may be reported as mentioned in (a) above, the Cardholder must confirm the Credit Card loss to HSBC in writing. A copy of the acknowledged FIR must accompany the written confirmation.
- d) Should the Cardholder subsequently recover the Credit Card, the recovered Credit Card must not be used. Cardholders are instructed to destroy the Credit Card by cutting it into several pieces through the magnetic stripe.

For any support, the Cardholder can call 24x7 on HSBC Corporate Cards helpdesk on the following Phone Banking numbers (Toll Free) Domestic (within India): 1800 121 6922; International: 040-71898009/080-71898009 (outside India) or write to corporatcardinm@hsbc.co.in

(5) CUSTOMER CONDUCT AND GRIEVANCE REDRESSAL

The grievance redressal policy of HSBC for handling customer complaints (including the ones laid down in the Master Direction – Credit Card and Debit Card Issuance and Conduct Directions, 2022) is available on the HSBC home page and is approved by the HSBC INM Executive Committee. This is reviewed annually during which Executive Committee members are invited to review and approve the Grievance Policy Mechanism for HSBC.

The Grievance Redressal policy follows the following principles:

- Customers are treated fairly at all times.
- Complaints raised by customers are dealt with courtesy and in a timely manner.
- Customers are informed of avenues to escalate their complaints within the organisation, and their rights if they are not satisfied with the resolution of their complaints.
- Complaints are treated efficiently and fairly.
- HSBC employees are required to work in good faith and without prejudice, towards the interests of the customers.

An escalation framework is in place for customers to raise their complaints and issues and this has a turn-around time for addressing such complaints. This is spread across:

Level 1 – Call centre/Account managers (any complaints raised via Call centre or account managers are acknowledged and resolved within 30 (Thirty) days, except for dispute resolution in relation to lost/stolen card)

Level 2 – Nodal Officers for each region and/or Code Compliance Officers.

Level 3 – Principal Nodal Officer and other Senior Management executives.

Level 4 – Escalation to the Banking Ombudsman.

The compensation paid if any shall be as per compensation policy of HSBC.

(6) CUSTOMER PROTECTION AND CONFIDENTIALITY

The growth of the internet, cards ecosystem and newer payment platforms has offered greater flexibility to customers, but it also brings new risks that must be guarded against. At HSBC, we use industry standard security technology and practices, focusing on three key areas – privacy, technology and identification – to safeguard Customer from any unauthorised access.

HSBC handles data with strict adherence to confidentiality and data protection guidelines. HSBC collects, processes and shares the data for the purpose of (a) providing services and for any transactions requested or authorised by the Corporate and/ or the Cardholder, (b) meeting compliance obligations, (c) conducting financial crime risk management activity, (d) collecting any amounts due from the Corporate, (e) conducting credit checks and obtaining or providing credit references, (f) enforcing or defending HSBC's, or a member of HSBC Group's rights, (g) for internal operational requirements of HSBC or HSBC Group (including, without limitation, credit, market, operational and technology risk management, system or product development and planning, insurance, audit and administrative purposes), (h) maintaining HSBC's overall relationship with the Corporate and/or the Cardholder, and/or (i) any other purpose as may be in accordance with HSBC's, or a member of HSBC Group's general policy on the collection, use and disclosure of Confidential Information under local data protection laws as set out in statements, circulars, notices or other terms and conditions made available by HSBC to the Corporate and/or the Cardholder.

This Board approved policy is in accordance with the RBI Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 RBI/2022-23/92 DoR.AUT.REC.No.27/24.01.041/2022-23