

Policy on Code of Conduct

1. Introduction

Ujjivan Small Finance Bank (the Bank) expects all its employees, directors (including independent directors) and senior management 'to act in accordance with high professional and ethical standards'. The employees¹ of the Bank shall at all times, display the values and principles as set down by this code in all its dealings with customers or any other stakeholders.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the SEBI guidelines on Corporate Governance as amended on 29 October 2004 also requires listed entities to adopt a formal code of conduct for directors on the Board and senior management.

This Code of Conduct attempts to set forth the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected. The Bank recognizes that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success. The Code sets the standards to be adopted by all employees and outlines the duties of the directors of the Board as described in Annexure 1 and also described guidelines of professional conduct, role and functions and duties of the Independent Directors as described in Annexure 2.

2. Values

The Bank shall function or perform its activities in accordance with the below mentioned values and shall emphasize on inculcating them among its stakeholders:

- a) The customer comes first
- b) Integrity
- c) Be Responsible – Be Honest
- d) Transparency
- e) Fair dealings with all
- f) Comply with laws & regulations
- g) Teamwork
- h) Professionalism
- i) Secularism
- j) Walk the talk

The principles based on which the above values have been derived is outlined as below:

S. No.	Value	Principle
1	Honesty and Integrity	Honesty and integrity are the prime principle based on which the employees' dealings with stakeholders shall take place. The Bank expects that all its employees, senior management and directors have honest and transparent dealings with all the stakeholders. The Bank insists on

¹ Employees refers to all employees, directors(including independent directors) & senior management in this document

		honesty, integrity and fairness in all aspects of its business and expects the same in its relationships with all those with whom it does business. Reward and promotion systems are aligned with a clear vision and picture of integrity throughout the Bank.
2	Respect and Non-Discrimination	The Bank is committed to treat everyone fairly and with respect and dignity. The Bank recognizes and values the different skills, strengths, and perspectives of its diverse workforce. The Bank believes that each employee makes a meaningful contribution in its success. The Bank shall not discriminate or restrict any applicants in the process of recruitment or employment or any employees on the basis of caste / creed / religion /national origin/political affiliation/ gender/ race or ethnicity.
3	Fairness	The Bank is firmly committed to fairness and objectivity in all its action and interactions with all its stakeholders including customers and employees. Justice and fairness are imbibed in the Bank's fabric to ensure procedural fairness, impartiality and consistency in its operations. The Bank believes in providing facilities to customers in a fair and transparent manner. The Bank shall treat its employees fairly and ensure that its rewards and recognition policies are administered fairly. The rules of the Bank related to the code of conduct shall apply uniformly to all employees of the Small Finance Bank.
4	Responsibility and Professionalism	The Bank employees are expected to demonstrate highest levels of personal responsibility, discipline and professionalism in all dealings with stakeholders. The accountability is at an individual level rather than collective. The Bank employees shall remain committed and enthusiastic to assume responsibility for actions for the organisation. The staff shall maintain healthy competition within the Bank and shall also focus on teamwork.
5	Compliance	The Bank staff shall remain compliant to all the applicable laws, rules, regulations, policies and this code of conduct. The Bank shall strive to inculcate a compliance conscious culture within its staff to ensure compliance in all dealings with stakeholders.
6	Compassion	Compassion, sharing and kindness are values that the Bank tries to inculcate in its decision making. The Bank shall inculcate compassion within its staff so as to empathize with its customers. The Bank shall also remain compassionate towards its employees and shall remain committed to help its employees to tide over crises to the extent possible. The Bank shall continue to maintain a highly ethical work environment.

3. Objectives of the Policy

The key objectives of the Code of Conduct are:

1. To establish professional business standards and ensure adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships;
2. To provide full, fair and accurate disclosures in the periodic reports required to be filed by the Bank with its stakeholders.
3. To ensure compliance with applicable laws, rules and regulations;
4. To address misuse or misappropriation of the Bank's assets and resources.
5. To provide clarity to employees and advise them regarding operation of their accounts with the Bank in order to ensure compliance with all the statutory and regulatory requirements
6. To retain the highest level of confidentiality of customer information and all internal documents of the Bank and promote fair dealing within and outside the Bank.
7. To prescribe procedures to be followed in case of conflicts of interest or in case of insider trading.
8. To define the disciplinary procedures and reporting in case of violations or deviations from the policy.

While this Code covers a wide range of business practices and procedures, these standards cannot be deemed to cover each and every procedure. If the Bank's employees, senior management or directors face any situation wherein they face a legal, moral or ethical dilemma in which there is no specified action to be taken, they may approach the authorities as elaborated in this policy document.

4. Applicability

The Code of Conduct is applicable to all its employees, officers, senior management personnel including key managerial personnel and Directors (including executive or non-executive including Independent, nominee, alternate Directors of the Bank) across all branches and departments of the Bank and also documents the responsibilities of independent directors as per the requirements of the Companies' Act, 2013. This Code shall be applicable in all dealings/ transactions of the Bank's staff inter se or with customers, regulators, investors or other Governmental agencies.

5. Governance Structure

This Code defines the culture across the Bank on the manner of conduct of employee behaviour with any of the stakeholders. To drive this culture, the Bank shall have a mechanism for disciplinary actions and procedures at three levels viz. the Central Disciplinary Committee at organizational level the Regional Disciplinary Committee at the regional level and a forum of the respective department and HR function and immediate supervisor/ skip level supervisor at department level. Depending on the severity of the violation, the forum shall be decided.

5.1 Central Disciplinary Committee (CDC)

The Central Disciplinary Committee will consist of the Head of Human Resources, Chief Vigilance Officer, Head of Operations and Head of Legal. Depending upon the nature of the subject matter and the business vertical to which the charge sheeted / show – caused employee belongs, any other

functional head would be invited to the meeting of the Committee. The Central Disciplinary Committee shall be the “Employer” as defined under Section 2 (g) of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, who will be responsible to deal with/take action on the recommendations of Internal Committee. The Central Disciplinary Committee will be responsible to deal with/take action on all Sexual Harassment cases and all Termination cases in the Regions & the Corporate Office. The Head of HR is the Chairman of the Committee and one of the designated HR employees is the convenor of the meetings. The CDC would finalise the termination cases after the receipt of the recommendations from the RDCs. If the aggrieved or the accused is not satisfied by the decision from the central/ regional disciplinary committee, he/she can appeal to the appellate committee. The appellate committee will consist of the MD and CEO, the Chief Business Officer and the Chief Risk Officer. This Committee shall meet as and when required at least once a quarter, to review all the cases which classify as irregularities in high risk areas, fraudulent irregularities or gross violations of the Code. This Committee may take appropriate disciplinary measures as elaborated in this policy as deemed fit considering the type and impact of the misbehaviour of the employee. Any one member of the Committee is authorized to sign the final order on behalf of the Committee, conveying the Committee's decision.

5.2 Regional Disciplinary Committee (RDC)

The Regional Disciplinary Committee comprises of the Regional HR Manager, Regional Vigilance Manager & the Head of the Vertical to which the Employee is attached, in which the Regional Vigilance Manager puts up the details of the dereliction or the fraud on the part of the charge – sheeted / show – caused employee along with the evidences therefor. This Committee will be headed by the Regional HR Manager. One of the designated officials from the HR will be the convenor of the meetings. All matters relating to disciplining the employees, except the matters tending towards termination of the derelict / fraudulent employees would be finalised by the Regional Disciplinary Committees. Matters tending towards termination would be dealt with and heard at the Regional Disciplinary Committee meetings and the RDC would recommend to the Central Disciplinary Committee upon which the CDC finalises the matter. Any one member of the RDC is authorized to sign the final order on behalf of the Committee, conveying the Committee's decision.

5.3 Immediate supervisor/ skip level supervisor

In the cases of minor misconducts, oral warning will be given to the concerned employee by the immediate supervisor {the Reporting Manager}, which has to be documented by way of email to HR department. In case of second instance of misbehaviour, the immediate supervisor may give a written warning, which again has to be documented by way of email to HR department. From the third instance of misbehaviour, the skip level supervisor {a skip - level supervisor is one who is above the immediate Reporting Manager of the employee concerned} shall inform the details of the case to the concerned Disciplinary Committee for further action.

6. Employee Behaviour and Roles, Responsibilities and Duties of the Board and KMP

6.1 Employee Behaviour

In official as well as personal capacity, employees at no times should indulge in any action/ behaviour that are:

- violative of any law, illegal or immoral; or
- indicative of personal indiscretion; or
- socially unacceptable; or
- not in line with the organization's objectives.

Employees are expected to ensure that their conduct at all times is such that the Bank's reputation is upheld and not compromised.

The Bank is committed to providing a work environment that fosters cooperation, professionalism and teamwork among co-workers. The Bank requires that every employee will respect the rights and dignity of all employees without any prejudice to any race, colour, religion, national origin, gender, sexual orientation, disability or other characteristics protected by law.

The Bank shall ensure that employees posted in sensitive positions or areas of operations such as treasury, risk modelling, model validation, etc. are covered under a 'Mandatory Leave' policy wherein such employees are required to compulsorily avail of leave for a minimum period of 10 working days in a single spell every year during their posting in such areas. The Treasury dealers have to be away from the desk for two calendar weeks in a single spell every year. The Bank shall also identify such highly sensitive positions where the Bank will, without any prior intimation, advise the employee to be away from his desk for a specified number of working days each year. The Bank expects its employees to have an exemplary behaviour and not indulge in any misconduct.

Misconduct shall mean any act or omission or commission whether specified herein or otherwise, whether amounting to substantive act, abetment or connivance, committed within or outside the premises of the establishment or any act or omission which is, in any manner detrimental to the interest of the business or discipline or reputation or prestige of the Bank, whether committed within or outside the premises of the Bank..

Depending on the severity of the misconduct, suitable disciplinary action would be taken against the erring employee. For details, please refer to the Policy on Disciplinary Process.

6.2 Roles, Responsibilities and Duties of the Board and KMP:

The Board and the Senior Management Personnel including key managerial personnel of the Bank shall agree to abide by the following Code of Conduct:

1. Exercise authority and power with due care and diligence and discharge the fiduciary responsibility of office in the best interest of the Bank and all the stake holders.
2. Subject to the provisions of the Companies Act, 2013, a Director of a Bank shall act in accordance with the articles of the Bank.
3. Attend Board/ Shareholders / Committee / Senior management meetings and seek prior leave for absence from such meeting/s.
4. Observe and comply with all the applicable rules, regulations, principles and policies of the Company, in force for the time being and from time to time.
5. Not allow personal interest or not engage in any business, relationship or activity to conflict with the interest of the Company or to come in the way in discharge of duties of office.

6. Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Bank.
7. Maintain the principle of need to know, and also confidentiality of all material non-public information about the Bank, its businesses, and affairs.
8. Not share any information regarding the Bank, its businesses and/or affairs with media without the prior approval of the Corporate Disclosure Officer.
9. Exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
10. A Director of a Bank shall not assign his office and any assignment so made shall be void.
11. Maintain high ethical and professional standards and act honestly, diligently, in good faith and integrity in all dealings.
12. Not accept gifts in cash or kind, either by themselves or by their close family members, particularly if this is likely to lead to a business relationship with the Bank.
13. Not employ any of their relatives or deal with them on Bank's behalf without proper authorization, obtained after disclosing their relationship.
14. Not use their status to seek or accept any personal gains or favours from those doing or seeking to do business with the Bank or from other employees of the Company.
15. Treat all employees with dignity, respect and concern and treat them on parity at all times.
16. Not to use the assets of the Bank for personal use.
17. Comply with all applicable laws, rules and regulations, including the Company's Prohibition of Insider Trading Code.

In addition, in performing their Board and Board Committee functions, the Directors shall not hold position of Director/Advisor with a competitor company and Inform the Chairman of changes in their interests that may interfere with their ability to perform their duties, and in the case of "independent directors", impact their independence as a Board member.

7. Privacy/Confidentiality

7.1 Proprietary and Confidential Information

The Bank's employees shall always protect the confidentiality of proprietary and confidential information (sensitive to the Bank) as well as customer/ other employees' information in connection with their activities for the Bank, in accordance with the applicable law. The obligation of the employee to protect the Bank's proprietary and confidential information shall continue even after they leave the Bank, and employees must return all proprietary information in their possession upon leaving the service of the Bank.

Proprietary and confidential information include any and all internal documents of the Bank including policies and process manuals, any system, information or process (sensitive in nature) that gives the Bank an opportunity to obtain an advantage over competitors; non-public information

about Bank's businesses, its customers and its employees, any other non-public information received and all external communication including but not limited to that with the regulators. Sensitivity of documents by listing is defined in the Bank's internal document on prevention of data leakage. Proprietary and confidential information about the Bank, its customer, employees, supplier or distributor, should not be disclosed (even with best of intentions) to anyone (including other employees) not authorized to receive it or has no need to know the information, unless such disclosure is authorized by the customer or is required by law, appropriate legal process or appropriate internal authorities or is required to be disclosed in public interest. Disclosure can be both oral or in writing. Employees are prohibited from use of any email ID other than their official Bank provided email ID for all internal and external correspondence.

Unauthorized use or distribution of proprietary information violates the internal policies and could be illegal. Such use or distribution could result in negative consequences for both the Bank and the individuals involved, including potential legal and disciplinary actions.

Acts of ignorance that could lead to leakage of such proprietary information, especially through electronic means – like e-mails, web uploads, removable media (e.g. CD/DVD/pen drive) etc., may lead to investigation and probe against the employees.

The Bank reserves the rights to monitor its employees' activities on its owned assets.

7.2 Privacy of customer information

The Bank shall maintain secrecy that arises out of the contractual relationship between the Bank and the customer, and as such no information should be divulged to third parties except under circumstances as given below:

- Where disclosure is under compulsion of law or if required by the statutory/regulatory authorities
- Where there is duty to the public to disclose
- Where interest of Bank requires disclosure and
- Where the disclosure is made with the express or implied consent of the customer.

The Bank shall treat all customer personal information as private and confidential (even when customer relation ceases to exist) and shall not use customer information for marketing/ cross selling purposes by anyone including the Bank itself unless the customer authorizes the Bank to do so.

7.3 Privacy of Employee Information

The Bank recognises and protects the privacy and confidentiality of its employee's medical and personal records. Such records would be shared strictly on need to know basis or as required by any law, rule and regulation or when authorized by the employee or as per subpoena or court order and requires approval by internal counsel.

8. Conflict of Interest

The Bank expects its employees to maintain the highest levels of professional and personal integrity to avoid situations in which an individual's personal interest may conflict or appear to conflict with either the interest of the Bank or its stakeholders. A conflict of interest may exist when an employee

is involved in an activity or has a personal (direct or indirect, by himself or through any relative) interest that in the opinion of the company can interfere with the employee's objectivity in performing company duties and responsibilities.

8.1 Relatives

As per rule 4 of the Companies (specification of definitions details) Act, 2013, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:

- Father – Provided that the term “Father” includes step-father.
- Mother - Provided that the term “Mother” includes step-mother.
- Son - Provided that the term “Son” includes step-son.
- Son’s wife
- Daughter
- Daughter’s husband
- Brother - Provided that the term “Brother” includes step-brother.
- Sister - Provided that the term “Sister” includes step-sister.

Bank has also considered the below mentioned relations as to fall under the relatives.

- Spouse
- Father’s father
- Father’s mother
- Mother’s father
- Mother’s mother
- Son’s son
- Son’s son’s wife
- Son’s daughter
- Son’s daughter’s husband
- Daughter’s son
- Daughter’s son’s wife
- Daughter’s daughter
- Daughter’s daughter husband
- Brother’s wife
- Sister’s husband
- First Cousin

A direct loss or disadvantage to the Bank need not be present / evident. Activities that create the appearance of a conflict of interest also are automatically deemed to be covered by this policy in order not to reflect negatively on the reputation of the Bank or its employees. Conflict of interest may arise due to the following reasons:

- Out of personal investments
- Through outside activities

- Related party transactions

In situations where a conflict arises, an employee's first responsibility is to disclose the Conflict of Interest and seek approval from his or her supervisor and the Regional HR Manager. The supervisor and Regional HR Manager will assess the nature of conflict and recommend either a course of action that the employee must adhere to or approve the same with appropriate safeguards to minimize the conflicts. In cases where the above safeguards are not feasible / have not been implemented, the suggestion of discontinuance would apply.

8.2 Conflicts of interest arising out of personal Investments

Any 'indirect' interest, held by an employee, in any property, proprietorship, concern, partnership, investment, arrangement, agreement or transaction that creates or can create direct or indirect personal advantage or gains can lead to a conflict of interest.

While undertaking personal investments, it should be borne in mind that such investments should not:

- a) Affect or appear to affect employees' ability to make unbiased business decisions for the Bank;
- b) Be contrary to the Bank's interests (e.g. using proprietary knowledge obtained through the course of employment to make investments that are not in the best interest of the Bank);
- c) Be in conflicting businesses which is also undertaken by the Bank that could cause divided loyalty, or even the appearance of divided loyalty.

8.3 Conflicts of interest through outside business activities

A conflict of interest can arise when an employee is involved in a transaction or arrangement with any person acting on his or her behalf or at his or her behest for the employee's direct or indirect personal advantage or gains. Such activities, arrangements, transactions, agreements are not allowed and must be discontinued by the employees immediately, failing which the company will commence the contract termination process and disciplinary action.

- Due to potential conflicts with the Bank, employees must obtain approval from supervisor and Regional HR Manager before employees accept a position as a director of an unaffiliated for-profit company or organization or when you work with a professional organisation/ association outside the Bank.
- Working with professional organisations/ associations does not typically create a conflict of interest where:
 - a) The work is related to the legitimate professional interest and development of the employee and does not interfere with the employee's regular duties;
 - b) Does not use official resources inappropriately (either physical resources or time);
 - c) Does not compete with the work of the Bank;
 - d) Does not violate national, international or local law
- The Bank's employees shall not misrepresent while undertaking outside activities, that the activity is being carried on by the Bank by using the Bank's name, facilities, or relationships for personal benefit. Further any employee accepting an appointment, as director of an unaffiliated for-profit company/ organisation must ensure proper treatment of confidential information received from such entity in connection with being a director.

8.4 Conflicts of interest arising out of transactions with related parties

- The Bank's employees, senior management and directors shall provide to the Bank on an annual basis, a list of his/her relatives and directorships and interests of such relatives in other bodies corporate, firms and other entities to the extent the information is available with the reporting person.
- The Directors and senior management members should avoid conducting Bank's business with a relative or any other person or any firm, company, association in which the relative or other person is associated in any significant role.
- If such a related party transaction is unavoidable, they must fully disclose the nature of the related party transaction to the appropriate authority. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party.
- The Bank shall ensure that no relative of the directors is provided loans or awarded contracts unless it is in line with the provisions of the RBI guidelines. The Bank shall ensure that loans granted/ contracts awarded to relatives of senior management or their concerns shall be approved at a Committee where such senior management person is not part of present at the Committee.

9. Guidelines for Operating Staff Bank Account

This section is applicable to all persons employed by the Bank including:

- (a) Any person on secondment to the Bank.
- (b) Any person working under contract but not a consultant or a vendor or an outsourced agency's employee.
- (c) Any person on temporary employment with the Bank, including interns.

9.1 Definitions

<u>Sl. No</u>	<u>Phrase</u>	<u>Description</u>
(a)	<u>Customer</u>	Includes a person who is engaged in a financial transaction or activity with a bank and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting. Staff members, like normal customers conduct financial transactions using their accounts and thus, based on this definition, all employees of the Bank come under the category of "customer" and the monitoring of transactions applies to them as well.
(b)	<u>Salary Accounts</u>	It is a usual practice for banks to open and maintain Savings Bank accounts for their employees for the purpose of getting their salaries and other perks/ benefits directly credited. The Bank does likewise and these Savings Bank accounts are designated as 'salary accounts'. Besides getting salary and other employment – related inflows, the employees are encouraged to use this as their primary bank account.
(c)	<u>Staff Account Monitoring</u>	Monitoring transactions in the accounts is a regulatory prescription. Towards this, the Bank uses an account

		monitoring rule based engine where certain scenarios and thresholds are defined to capture any irregular transaction by an employee in his/ her Bank account. The Bank will monitor these transactions and has the right to question should irregularities as defined by the scenarios arise.
(d)	<u>Unusual Transaction</u>	Defined to include those transactions through which the employee concerned obtains or attempts to obtain undue financial advantage or has the nature of a suspected fraudulent activity. Any activity that leads an honest and prudent person to infer or conclude that there is misuse or abuse of authority on the part of the employee concerned will get covered under this definition. Any other transaction that the Bank finds unusual will also be covered.

9.2 Regulations:

The basis for staff account monitoring guidelines comes from the following Acts/ Regulations:

- a. The Prevention of Money Laundering Act and the Rules framed.
- b. KYC norms and AML standards prescribed by the Reserve Bank of India.
- c. The judgment of the two-member Bench of the Supreme Court in the case of Ramesh Gelli and Sridhar Subhasri Versus CBI.
- d. The Banking Regulation Act, 1949
- e. The RBI Master Circular – Know Your Customer & Anti-Money Laundering standards - July 2015 & RBI Master Direction – Know Your Customer - Feb 2016.
- f. The Prevention of Corruption Act.

9.3 Guidelines regarding dealings in personal accounts of employees:

Guidelines mentioned below provide a few examples of how staff should conduct the transactions in their account(s) with the Bank. It is important for the Bank, that's its employees maintain a sound financial profile. They are also 'customers' as they have account(s) with the Bank and hence, are governed by the Statutory and Regulatory instructions / directives as applicable to any customer of a Bank and the Bank is required to monitor the transactions in all personal accounts including theirs.

In accordance to the BR Act, the Bank shall not employ or continue the employment of any person who has been declared insolvent at any time or has been convicted by a criminal court of an offence involving moral turpitude.

9.3a Do:

- I. Maintain financial discipline and complete transparency and integrity in all financial transactions.
- II. Comply with all laws and regulations of the country, current and in the future, while opening & operating their bank account.
- III. Deposit only personal funds in their accounts. Be aware of the source(s) of the cash that they deposit into their Bank account(s).

- IV. Maintain a sound personal financial position and be prudent in their borrowings, investments and other financial activities.
- V. Maintain sufficient balance in the a/c so that cheques /ECS mandates issued, are not dishonoured for want of funds. Employees must always ensure availability of sufficient funds in their bank accounts, while issuing cheques and no cheque drawn by them should be dishonoured for 'Insufficiency of funds'.
- VI. Employees may volunteer to submit a declaration of key/ large financial transactions on the payroll portal. Irrespective of the declaration done or not, employees are required to maintain documentary evidence of financial transactions and make it available for verification as and when required.

9.3b Do Not:

- i. Employees should not default on their financial obligations, either as borrower or as guarantor.
- ii. Bank accounts should not be used as a conduit for routing the funds, including cash, of any other beneficial owner(s), including other customer(s).
 - a. Do not transfer funds from the employee account to customers' accounts for passing cheques, or withdrawing cash at other locations or other such urgent requirements
 - b. Do not transfer funds from customers' accounts to Staff accounts for any reason including drawing cash for the customer.
 - c. Do not deposit cash belonging to non-customers into the concerned employee or any other Bank employees' accounts for any purpose.
 - d. Do not convert any funds which are not theirs, for their use and benefit; and do not help others to do this.
 - e. Do not open any type of Bank account including term deposits jointly with any other person, including customers unless there is an established legal or natural relationship with them.
 - f. Do not transfer funds from or to other employees' accounts except for unavoidable circumstances. The employee should reveal the details of the unavoidable circumstances, to their respective functional heads, if asked.
 - g. Do not lend money to or borrow money from their colleagues, customers or suppliers.
- iii. Do not enter into any personal transaction with any outsourced vendor / their agents / their employees / the customers and constituents of the Bank which may lead to any conflict of interest.
- iv. Do not knowingly maintain multiple CIFs for their accounts with the Bank.
- v. Under no circumstance, the staff accounts are allowed to be overdrawn. They should monitor their account on a regular basis and clear such inadvertent overdrafts immediately.

9.4 Access to Bank Account Statements:

- a. Members of the branch staff may refer to account statements that are sent over e - mail every quarter end.

- b. In addition, where they do not have view - access to their accounts, they may request their Branch Manager or Regional HR Manager (National Manager – C&B or Manager – Payroll & Compliance for Corporate Officer) to provide them with a copy of their statement, if needed for purposes of loan applications etc.
- c. If they operate internet and / or mobile banking, they may refer to their transactions in such applications too so as to assess whether they have carried out their transactions in line with this policy.

9.5 Investigation Process:

- a. The AML Cell will email any unusual alerts to the supervisors of the employee. For purpose of such fact finding supervisors are:
 - i. MFI/HL/MSE – Area Managers
 - ii. Liabilities – Regional Sales Manager
 - iii. Support Functions – Regional Leadership Team members
 - iv. Corporate Office staff – Head of Function
- b. Employees are advised to submit their replies within 48 working hours; else a reminder will be sent to the supervisor by the AML Cell seeking response.
- c. The AML Cell will review the responses and handover the case to Vigilance, if further details are required. The Regional Vigilance Managers will reach out to the employees for such investigations.
- d. In case there is a need for further investigation, the Bank may seek records such as:
 - I. Updated Liability and Assets Statement.
 - II. Information on the details of various bank accounts maintained at other banks, including details of financial transactions in them.
 - III. Necessary proofs for specific debits or credits, whenever required.
 - IV. Employees should be in a position to explain authenticity, source and purpose for all financial transactions entered by them.
- e. In case an employee is found to have committed any financial fraud through any of his accounts either with the Bank or outside, the normal procedure as per the Disciplinary Policy and Employee Code of Conduct will be applicable besides statutory action.

9.6 Review of the Guidelines for Staff Account Monitoring

The owner of this Policy, the Risk & Compliance Department, would subject this Policy to review if required in consultation with the HR and the Vigilance functions.

9.7 Confidentiality

It is expressly understood that matters related to personal financial transactions are considered confidential at the Bank. No employee may discuss such matters individually or collectively with anyone unless expressly authorized by the Bank to investigate such transactions. Any breach of the same shall be considered a major misconduct on part of the employee and may attract appropriate disciplinary action.

9.8 Exception

Any exception to these documented guidelines on operating staff bank accounts will be considered on case-to-case basis and the same shall be at the discretion of the Head of Human Resources, Chief Risk Officer and Chief Vigilance Officer jointly.

10. Disciplinary procedures

The primary objective of the disciplinary procedure is to make employees aware of the instance/s of apparent and reported breach of the Code/ misconduct on their part and to offer such employees with an opportunity of making submission against such reported instance/s including improving their attendance, work performance or amending/ rectifying their conduct as the case may be, should they fall below the standards expected by the Bank.

All complaints and proceedings with respect to irregularities in high risk areas, fraudulent irregularities or gross violations of the disciplinary policy in the region shall be addressed to and led by the Regional Human Resources Manager for regions and Head of HR for Corporate Office.

The Disciplinary committee consists of the Regional HR Manager (RHRM), Regional Vigilance Manager and any other member as nominated by the Head of HR based on the requirement of the case. For cases pertaining to termination the case should be forwarded to the Central Disciplinary committee.

In the cases of minor misconducts, oral warning will be given to the concerned employee by the immediate supervisor, which has to be documented by way of email to HR department. In case of second instance of misbehaviour, the immediate supervisor may give a written warning. Beyond three instances of misbehaviour, the skip level supervisor shall recommend the case to the concerned Disciplinary Committee for further action.

An employee who is alleged to have committed an act of misconduct (other than minor misconduct) shall be given a Show Cause Notice in writing by the HR Department or such other officer/s who are so authorized by the management, calling for a written explanation and asking him/her to show cause as to why disciplinary action should not be taken against the employee within the specified time duration (minimum of 24 hrs and not more than 7 working days, except if the employee requests for more time, in such a case the time can be extended to another 7 working days) from the time of receipt of the Show Cause Notice.

The employee shall submit his/ her explanation in writing accepting or refuting the allegations made against him in the Show Cause Notice within the stipulated time. The committee shall consider the explanation submitted by the employee, and if the explanation is found to be not satisfactory, then a Charge Sheet has to be issued setting out the specific allegations against the employee and the resultant charges against him. The charge sheeted employee shall be asked to forward his submissions within the specified time duration (minimum of 24 hrs and not more than 7 working days, except if the employee requests for more time, in such a case the time can be extended to another 7 working days) from the time of receipt of the Charge sheet. If the reply is not satisfactory, then a domestic enquiry may be conducted.

No domestic enquiry shall be necessary:

- If any employee has been convicted of a criminal offence by a court of law.
- Where the committee is satisfied for the reasons to be recorded in writing that it is not
- Practical to hold an enquiry in the manner provided in the service rules.
- Where the allegations are unconditionally admitted/accepted by the employee.

10.1 Domestic Enquiry

The Disciplinary committee shall appoint an Enquiry Officer from amongst the members of the committee or any other Employee of the Bank, higher in rank than the charge sheeted employee, who is not a witness to the charges alleged against the employee. An officer may be appointed to present the case on behalf of the Bank. The Enquiry Officer will communicate to the charge sheeted employee the date, time and the place where the enquiry is to be conducted. The employee shall be given full opportunity to answer the charges and permitted to be defended by a co-employee working in the same unit in which he is detailed to work, excepting employees who are accused of the misconduct or against whom an enquiry is pending. No other employee or outsider shall be permitted to assist, defend or represent the employee in the domestic enquiry.

- a) The enquiry officer shall submit his report to the Disciplinary committee. Disciplinary Committee will share the enquiry report with the charge sheeted employee and invite his submission on the same. Subsequent to that a Speaking Order will be passed.
- b) If during the enquiry, it is found that the employee is guilty of an act of omission or commission other than that stated in the charge sheet and if and if that act of omission or commission is an offence/ misconduct under the policy, the committee, in its discretion may, instead of issuing a fresh charge sheet, issue an addendum to the original charge sheet accordingly, and the employee shall be given further opportunity for explaining and defending himself against the amended charge.

10.2 Punishments/Penalties for Misconduct

In awarding punishment, the Disciplinary Committees would take into account the gravity of the misconduct, previous record of the employee and any other extenuating or aggravating circumstances that may exist. The disciplinary action/punishment order shall be communicated in writing to the employee concerned in accordance with the provision of this policy.

Disciplinary actions that the Bank, as an employer, may administer are normally of two types as under:

1) Minor Penalty:

- Verbal Censure or Verbal Warning.
- Advisory Notes
- Written warning or written Censure (All warning letter cases are subject to getting 'Below Expectation' rating).
- Recovery of full/partial pecuniary loss caused or likely to be caused to the Bank.
- Adversely impacting annual performance rating.
- 'With-holding increment(s) for a specified period with cumulative effect'

2) Major Penalty:

- Demotion/reduction to a lower grade or position For a specified period
- Withholding of promotion for a specified period
- Reduction in Basic Salary for a specified period.
- In all these cases the period up to which the penalty will remain in force will have to be specifically mentioned in the order itself. The impact of a penalty unless it is dismissal cannot be permanent.
- Dismissal (with or without terminal benefits), including instant dismissal for proven criminal offences and other disciplinary offences. Employees who have been dismissed from the service of the Company must leave the Company's premises immediately; and do not qualify for future employment with the company.
- As and when required action:
 - a) Filing of criminal complaints against employee alleged to have committed offences requiring Police investigation and prosecution.
 - b) Filing of civil cases for recovery of amounts alleged to have been lost/ misappropriated.

Including the misappropriation due to the abetment of the charge sheeted employee.

10.3 Suspension Pending Disciplinary Proceedings

The Disciplinary Committee shall have the right to suspend an employee pending domestic enquiry.

An employee may be placed under suspension pending/during disciplinary procedure under the following circumstances:

- Where the continuance of the employee in the office may / will prejudice investigation or any inquiry (e.g., may tamper with witnesses or documents);
- Where the continuance of the employee in the office is likely to seriously affect discipline in the office in which he/she is working;
- Where a preliminary enquiry into allegations has revealed a prima-facie case justifying criminal or departmental proceedings which are likely to lead to his/her conviction and/ or dismissal from service.

In view of the above, in the following circumstances it is desirable to suspend an employee:

- An offence or conduct involving moral turpitude;
- Corruption, embezzlement or misappropriation of Bank's/Customer's money, misuse of official position for personal gains;
- Serious negligence and dereliction of duty resulting in considerable loss to the Bank;
- Refusal or deliberate failure to carry out written orders of superior.

Further, an employee may be deemed to have been placed under suspension by an order with effect from the date of his/her detention in either judicial/police custody, whether on a criminal charge/offence under the Indian Penal Code/or any other criminal laws of the country, for a period exceeding forty eight (48) hours.

10.4 Subsistence Allowance during the period of Suspension:

Upon suspension, the suspended employee will receive subsistence allowance at the rate of 50% of the basic salary the employee was drawing on the day preceding to the day of suspension plus other allowances (except conveyance allowance) proportionately on such reduced basic salary for the first ninety days. For the period of suspension beyond 90 days, for the remaining period of suspension, subsistence allowance equal to 75% of the basic salary plus other allowance (except conveyance allowance) proportionately on such reduced basic salary which the employee was drawing on the day preceding to the day of suspension will be paid.

10.5 Revocation of Suspension

The suspension order so passed or deemed to have been passed, as the case may be, shall continue to remain in force till the disposal of the disciplinary proceedings initiated/or to be initiated against such an employee or otherwise modified/revoked by the authority which issued the order of suspension or by a higher authority.

- If the employee is held not guilty, the order of suspension shall be withdrawn, and the employee shall be deemed to have been on duty during the period of suspension and shall be paid salary as if he had not been placed under suspension after deducting the amount of subsistence allowance paid to him for such period.
- Where for the order of dismissal, permission is required to be obtained from any authority/court/tribunal under law; the employee concerned shall be under suspension until orders are passed by the aforesaid authorities.

10.6 Appeal against the Order of Disciplinary Committee

Any delinquent employee who feels aggrieved by the order of the Regional Disciplinary Committee or the Central Disciplinary Committee may within a period of 3 months from the date of receipt of Order, file an appeal in writing to the Appellate Authority duly elaborating the grounds for such appeal. The Appellate committee on this basis may call for additional details/document from the appellant and dispose of the appeal within a Maximum period of three months from the date of receipt of such appeal.

11. Reporting Requirement

As per Securities and Exchange Board of India (SEBI) Notification Listing Obligations and Disclosure Requirements) Regulations, 2015 –

All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct on an annual basis.

The compliance certificate shall be furnished by Chief Executive Officer and Managing Director and Chief Financial Officer stating that the Bank has not entered in any transactions during the year which are fraudulent, illegal or violate the listed entity's code of conduct.

The listed entity shall disseminate the code of conduct of board of directors and senior management personnel on its website.

12. Policy Review and Updates

The Board approved policy shall be reviewed as and when required or at least annually for incorporating regulatory updates and changes, if any.

13. Regulatory References

- Securities and Exchange Board of India (SEBI) Notification Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Companies Act, 2013.
- RBI circular on Mandatory Leave for Employees Posted in Sensitive Positions or Areas of Operation dated April 23, 2015.

Annexure 1 – Duties of directors

The duties of whole-time directors as per Section 166 of the Companies Act, 2013:

- 1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- 2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, and the community and for the protection of environment.
- 3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- 4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- 5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- 6) A director of a company shall not assign his office and any assignment so made shall be void.
- 7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Annexure 2- Code for Independent Directors

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies 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 in 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:

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of board and management;
3. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
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 the stakeholders;
7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;

6. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are 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. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. 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. Separate Meetings:

1. The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
2. All the independent directors of the Company shall strive to be present at such meeting.
3. The meeting shall:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors; and
 - iii. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.