



Avanti Finance Private Limited

## Code of Business Ethics

Approved by the Board of Directors of the Company on October 30, 2017

## 1. Introduction

Avanti Finance Private Limited (the Company) expects all its directors (including independent directors), senior management and employees (hereinafter, 'employees' will refer to all directors, senior management and employees) to act in accordance with high professional and ethical standards. The employees of the Company 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.

This Code of Conduct / Code of Business Ethics ("Code") attempts to set forth the guiding principles and values on which the Company's employees shall operate and conduct its business with its various stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. The Company 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 staff and outlines the duties of the directors of the Board and independent directors in Annexure 2.

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

1. Customer's choice institution
2. Integrity in all dealings
3. Provide responsible finance
4. Fair with suppliers and service partner
5. Compliance of laws, regulations and Code of Conduct / Code of Business Ethics
6. Best place to work
7. Professional and teamwork
8. Provide satisfactory return to investors
9. Respected in the community

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

### ☐ Honesty and Integrity

Honesty and integrity are the prime principle based on which the employees' dealings with stakeholders shall take place. The Company expects that all its employees, senior management and directors have honest and transparent dealings with all the stakeholders. The Company insists on 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 Company.

#### ☐ Respect and Non-Discrimination

The Company is committed to treat everyone fairly and with respect and dignity. The Company recognizes and values the different skills, strengths, and perspectives of its diverse workforce. The Company believes that each employee makes a meaningful contribution in its success. The Company 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.

#### ☐ Quality of Service

The Company are committed to ensure quality services to clients, appropriate to their needs and delivered efficiently in a convenient and timely manner. While doing so, the company will maintain high standards of professionalism based on honesty, equality and dedication to serve the poor.

#### ☐ Transparency

The Company shall provide our clients complete and accurate information and educate them about the terms of financial services offered by us such as interest rates and all other charges as well as our policies and procedures in a manner that is understandable by them.

#### ☐ Pioneering

The Company will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.

☐ Privacy of Client Information

The Company will safeguard personal information of clients, only allowing disclosures and exchange of such information to others who are authorized to see it, with the knowledge and consent of clients.

☐ Responsibility

The Company will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.

☐ Fairness

The Company is firmly committed to fairness and objectivity in all its action and interactions with all its stakeholders including customers and employees. Justice and fairness is imbibed in the Company's fabric to ensure procedural fairness, impartiality and consistency in its operations. The Company believes in providing facilities to customers in a fair and transparent manner. The Company shall treat its employees fairly and ensure that its rewards and recognition policies are administered fairly. The rules of the Company related to the Code of Conduct / Code of Business Ethics shall apply uniformly to all employees of the Company.

☐ Responsibility and Professionalism

The Company employees are expected to demonstrate highest levels of personal responsibility and professionalism in all dealings with stakeholders. The accountability is at individual level rather than collective. The Company employees shall remain committed and enthusiastic to assume responsibility for actions for the organization. The staff shall maintain healthy competition within the Company and shall also focus on teamwork.

## ☐ Compliance

The Company staff shall remain compliant to all the applicable laws, rules, regulations, polices and this Code of Conduct / Code of Business Ethics. The Company shall strive to inculcate a compliance conscious culture within its staff to ensure compliance in all dealings with stakeholders.

## ☐ Compassion

Compassion, sharing and kindness are values that the Company tries to inculcate in its decision making. The Company shall inculcate compassion within its staff so as to empathize with its customers. The Company shall also remain compassionate towards its employees and shall remain committed to help its employees to tide over crises to the extent possible. The Company shall continue to maintain a highly ethical work environment.

## 2. Objectives of the Policy

The key objectives of the Code of Conduct / Code of Business Ethics 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 guidelines on how the company interacts with:
  - a) its employees, or those who work with the company;
  - b) its customers;
  - c) the communities and the environment in which the company operates;
  - d) the value-chain partners, including suppliers and service providers, distributors, sales representatives, contractors, channel partners, consultants, intermediaries and agents;
  - e) its joint-venture partners or other business associates;

- f) its financial stakeholders; and
- g) the governments of the regions where the company operate.
- 3. To provide full, fair and accurate disclosures in the periodic reports required to be filed by the Company with its stakeholders
- 4. To ensure compliance with applicable laws, rules and regulations;
- 5. To address misuse or misappropriation of the Company's assets and resources;
- 6. To retain the highest level of confidentiality of customer information and promote fair dealing within and outside the Company;
- 7. To prescribe procedures to be followed in case of conflicts of interest or in case of receipt of gifts; and
- 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 Company'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.

### 3. Governance Structure

This Code defines the culture across the Company on the manner of conduct of employee behavior with any of the stakeholders. To drive this culture, the Company shall have a mechanism for disciplinary actions and procedures at three levels viz. the Supervisory Committee at the Board level, the Disciplinary Committee at 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. The indicative list of misbehavior or violations has been covered in Annexure 1.

#### Supervisory Committee

The Committee shall consist of the Board of Directors of the Company and the Head of Departments/Business, as required. The CEO of the Company shall chair the Committee meetings. This Committee shall review the irregularities in high risk areas, fraudulent irregularities, gross violations of the Code, the disciplinary action taken in that regard and staff accountability matters if such violations have perpetrated or could have perpetrated into frauds.

#### Disciplinary Committee

The Disciplinary Committee shall consist of the Regional HR Manager and Regional Business Manager. This Committee shall meet 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 misbehavior of the employee

#### Immediate supervisor/ skip level supervisor

With respect to habitual irregularities of minor misconducts, the immediate supervisor may give an oral warning if it is the first or the second instance of misbehavior. If the misbehavior is repeated for the third time, then the skip level supervisor shall give an oral warning. Beyond three instances of misbehavior, the skip level supervisor shall intimate the HR department and recommend the issue of a warning in writing to the erring employee

#### 4. Employees

##### 4.1. Code of conduct of employees in the workplace

Employee Behavior: In official as well as personal capacity, employees at no times should indulge in any action/ behavior that is:

- a) Violation of any law, illegal or immoral; or
- b) indicative of personal indiscretion; or
- c) socially unacceptable; or

d) not in line with the organization's objectives.

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

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

The Company expects its employees to have an exemplary behavior 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 company and the establishment, whether committed within or outside the premises of the establishment. An indicative list of types of misconducts has been covered in Annexure 1.

Depending on the severity of the misconducts, suitable disciplinary action would be taken against the erring employee.

**Working outside the company:** An employee taking employment, accepting a position of responsibility or running a business outside employment with another company, in his / her own time, with or without remuneration, could interfere with his / her ability to work effectively at the company or create conflicts of interest. Any such activity must not be with any customer, supplier, distributor or competitor of the Company. The employee must notify and seek prior approval for any such activity as per the 'Conflicts of Interest' clause of this Code and in accordance with applicable company policies and law.

**Integrity of information and assets:** Employees shall not make any willful omissions or material misrepresentation that would compromise the integrity of the records, internal or external communications and reports, including the financial statements.

The employees and directors shall seek proper authorization prior to disclosing company or business-related information, and such disclosures shall be made in accordance with the company's media and communication policy. This includes disclosures through any forum or media, including through social media.

The employees shall ensure the integrity of personal data or information provided by them to the company. The company shall safeguard the privacy of all such data or information received from the employee in accordance with applicable company policies or law.

The employees shall respect and protect all confidential information and intellectual property of the company.

The employees shall safeguard the confidentiality of all third-party intellectual property and data. The employees shall not misuse such intellectual property and data that comes into their possession and shall not share it with anyone, except in accordance with applicable company policies or law.

The employees shall promptly report the loss, theft or destruction of any confidential information or intellectual property and data of the company or that of any third party.

The employees shall use all company assets, tangible and intangible, including computer and communication equipment for the purpose for which they are provided and in order to conduct day to day business. Such assets shall not be misused. The company shall establish processes to minimize the risk of fraud, and misappropriation or misuse of the company's assets.

The company shall comply with all applicable anti-money laundering, anti-fraud and anti- corruption laws and shall establish processes to check for and prevent any breaches of such laws.

**Insider trading:** The employees must not indulge in any form of insider trading nor assist others, including immediate family, friends or business associates, to derive any benefit from access to and possession of price sensitive information that is not in the public domain. Such information would include information about the company, its clients and its suppliers.

**Prohibited drugs and substances:** Use of prohibited drugs and substances creates genuine safety and other risks at workplaces. The company does not tolerate prohibited drugs and substances from being possessed, consumed or distributed at its workplaces, or in the course of company duties.

#### 4.2. Code of conduct of employer towards the employee

The Company will provide equal opportunities to all our employees and to all eligible applicants for employment in the company. The company will not unfairly discriminate on any ground, including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law.

When recruiting, developing and promoting the employees, the company's decisions will be based solely on performance, merit, competence and potential.

The Company shall have fair, transparent and clear employee policies which promote diversity and equality, in accordance with applicable law and other provisions of this Code. These policies shall provide for clear terms of employment, training, development and performance management.

The Company's leaders shall be responsible for creating a conducive work environment built on tolerance, understanding, mutual cooperation and respect for individual privacy.

The Company respects the employees' right to privacy. The company will have no concern with their conduct outside our work environment, unless such conduct impairs their work performance, creates conflicts of interest or adversely affects our reputation or business interests.

The Company will not employ children at its workplaces.

The Company will not use forced labour in any form. The company will not confiscate personal documents of the employees or force an employee to make any payment to the company or to anyone else in order to secure employment with the company, or to work with the company.

The Company recognizes that employees may be interested in joining associations or involving themselves in civic or public affairs in their personal capacities, provided such activities do not create an actual or potential conflict with the interests of the company. The employees must notify and seek prior approval for any such activity as per the 'Conflicts of Interest' clause of this Code and in accordance with applicable company policies and law.

## 5. Code of conduct towards Customers

### 5.1 Transparency

- a) The company will disclose to clients all the terms and conditions (including changes if any) of its financial services offered in the language understood by the client.
- b) The company will provide the loan sanction letter or any other document clearly indicating the rate of interest, mode of charging interest, levy of any other charges, terms of repayment to the client against his/her acknowledgement.
- c) The company will provide information to its clients on the rate of interest offered on the thrift services, wherever applicable.
- d) The company will provide information related to the premium and other fees being charged on insurance and pension services to its clients.
- e) The company will provide periodical statements of their accounts by means of a passbook or any other mechanism to the clients.

All the above disclosures to the client may be made digitally or in a printed format.

## 5.2 Client Protection & interaction

- a) The company is committed to follow fair practices built on dignity, respect, fair treatment, persuasion and courtesy to clients.
- b) The company shall take reasonable steps to ensure that credit services are based on the need and repayment capacity of the client and that this service will not put borrowers at significant risk of over indebtedness.
- c) The company shall ensure that non-credit, financial products extended to low-income clients are appropriate and the terms are made known to the client.
- d) The company shall interact with the clients in an acceptable language and dignified manner and spare no efforts in fostering clients' confidence and long-term relationship.
- e) The company has a clearly defined and phased procedure in case of client default.
- f) The company shall maintain decency and decorum during the visit to the clients' place for collection of dues.
- g) The company shall avoid inappropriate occasions such as bereavement in the family or such other calamitous occasions for making calls/visits to collect dues.
- h) The company shall avoid any demeanour that would suggest any kind of threat or violence.

## 6. Code of Conduct towards Stakeholders

### 6.1 Communities

- a) The company is committed to good corporate citizenship and shall actively assist in the improvement of the quality of life of the people in the communities in which it operates.
- b) The company shall engage with the community and other stakeholders to minimize any adverse impact that its business operations may have on the local community and the environment.
- c) The company encourages its workforce to volunteer on projects that benefit the communities in which it operates, provided the principles of this Code, where applicable, and in particular the 'Conflicts of Interest' clause is followed.

## 6.2 Environment

- a) The company shall strive for environmental sustainability and comply with all applicable laws and regulations.
- b) The company shall seek to prevent the wasteful use of natural resources and is committed to improving the environment, particularly with regard to the emission of greenhouse gases, consumption of water and energy, and the management of waste and hazardous materials. The company shall endeavor to offset the effect of climate change in its activities.

## 6.3 Value-Chain Partners

- a) The Company shall select its suppliers and service providers by fair and transparent process.
- b) The Company seeks to work with suppliers and service providers who can demonstrate that they share similar values. The company expects them to adopt ethical standards comparable to its own.
- c) The Company's suppliers and service providers shall represent the company only with duly authorized written permission from the company. The suppliers are expected to abide by the Code in their interactions with, and on behalf of us, including respecting the confidentiality of information shared with the suppliers.
- d) The Company shall ensure that any gifts or hospitality received from, or given to, its suppliers or service providers comply with the company's gifts and hospitality policy.
- e) The Company respects its obligations on the use of third party intellectual property and data.

## 6.4 Financial Stakeholders

- a) The Company is committed to enhancing shareholder value and complying with laws and regulations that govern shareholder rights.
- b) The Company shall inform its financial stakeholders about relevant aspects of its business in a fair, accurate and timely manner and shall disclose such information in accordance with applicable law and agreements.

- c) The Company shall keep accurate records of its activities and shall adhere to disclosure standards in accordance with applicable law and industry standards.

## 6.5 Governments

- a) The Company shall act in accordance with the constitution and governance systems of the regions/countries where it operates. The company does not seek to influence the outcome of public elections, nor to undermine or alter any system of government. The company does not support any specific political party or candidate for political office. The company's conduct must preclude any activity that could be interpreted as mutual dependence / favour with any political body or person, and the company does

not offer or give any company funds or property or other resources as donations to any specific political party, candidate or campaign.

- b) Any financial contributions considered by the Board of Directors in order to strengthen democratic forces through a clean electoral process shall be extended only through the Progressive Electoral Trust in India, or by a similar transparent, duly-authorized, non-discriminatory and non-discretionary vehicle outside India.

- c) The company engages with the government and regulators in a constructive manner in order to promote good governance. The company conducts its interactions with the government in a manner consistent with the company's Code.

- d) The company does not impede, obstruct or improperly influence the conclusions of, or affect the integrity or availability of data or documents for any government review or investigation.

## 7. Privacy/Confidentiality

### 7.1 Proprietary and Confidential Information

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

employees must return all proprietary information in their possession upon leaving the service of the Company.

Proprietary and confidential information include any system, information or process (sensitive in nature) that gives the Company an opportunity to obtain an advantage over competitors; non-public information about company's businesses, its customers and its employees, any other non-public information received. Proprietary and confidential information about the Company, its customer, 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.

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

## 7.2 Privacy of Employee Information

The Company recognizes and protects the privacy and confidentiality of its employee 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 Company 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 Company 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.

For the purpose of this Policy, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:

- ☐ Spouse
- ☐ Father (including step-father)
- ☐ Mother (including step-mother)
- ☐ Son (including step-son)
- ☐ Son's wife
- ☐ Daughter (including step-daughter)
- ☐ Daughter's husband
- ☐ Brother (including step-brother)
- ☐ Sister (including step-sister)
- ☐ HUF & Members of Hindu Undivided Family

A direct loss or disadvantages to the Company 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 Company 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, 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 with approval from the competent authority. The competent authority shall provide its approval to the employee within a reasonable time as defined in the company's policy, so as to enable the concerned employee to take necessary action as advised to resolve or avoid the conflict in an expeditious manner. In cases where the above safeguards are not feasible / have not been implemented, the suggestion of discontinuance would apply.

In the case of all employees other than executive directors, the Chief Executive Officer / Managing Director shall be the competent authority, who in turn shall report such cases to the Board of Directors on a quarterly

basis. In case of the Chief Executive Officer / Managing Director and executive directors, the Board of Directors of the company shall be the competent authority.

#### 8.1 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 Company;
- b) Be contrary to the Company'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 Company);
- c) Be in conflicting businesses which is also undertaken by the Company that could cause divided loyalty, or even the appearance of divided loyalty.

#### 8.2 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.

- a) Due to potential conflicts with the Company, 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 organization/ association outside the Company.
- b) Working with professional organizations/ associations does not typically create a conflict of interest where:

- i. The work is related to the legitimate professional interest and development of the employee and does not interfere with the employee's regular duties;
  - ii. Does not use official resources inappropriately (either physical resources or time);
  - iii. Does not compete with the work of the Company;
  - iv. Does not violate national, international or local law
- c) The Company's employees shall not misrepresent while undertaking outside activities, that the activity is being carried on by the Company by using the Company's name, facilities, or relationships for personal benefit. Further any employee accepting an appointment, as director of an unaffiliated for-profit company/ organization must ensure proper treatment of confidential information received from such entity in connection with being a director.

### 8.3 Conflicts of interest arising out of transactions with related parties

The Company's employees, senior management and directors shall provide to the Company 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 Company 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 Company 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. Policy on Providing Gifting

Gifts, business courtesies, favours and entertainment may be given to stakeholders at the Company's expense only if they meet all of the following criteria:

- a) They are consistent with customary business practices;
- b) They are not in contravention of applicable law; and
- c) Public disclosure of the facts will not create the appearance of impropriety or embarrass either the Company or the employee.

Permissible exceptions include offering Company's advertising or promotional items such as a calendar or similar item displaying the Company logo and name and providing modest hospitality in connection with business activities.

An employee should never use personal funds or resources to do something that cannot be done with Company's resources. In no case, shall a bribe be garbed as a payment, gift or business courtesy. In case of doubt whether a particular article is an eligible gift, approval from the CRCO shall be taken.

Employees may offer business courtesies to customers, provided the following four conditions are met:

- a) The business courtesy does not violate any law or regulation or known policy of the customer.
- b) The business courtesy is customary and consistent with the business practices of the marketplace in which it is offered.
- c) Approval at an appropriate level is obtained.
- d) The business courtesy is properly reflected on the books and records of the Company.

#### 10. Policy on Receipt of Gifts

As a rule, the Company's employees shall not accept valuable gifts, entertainment or incentives from current or prospective customers or suppliers. All business courtesies offered to and accepted by the Company employees are courtesies that belong to the Company. In no case shall an employee accept any gift which is in the nature of a bribe. Employees do not have a right to keep a business courtesy for personal use.

When offered a business courtesy, employees should determine whether it is appropriate to accept the courtesy on behalf of the Company after considering why it is being extended and possible repercussions of acceptance.

Employees shall neither seek nor accept for themselves or others any gifts, favours, business courtesies or entertainment without a legitimate business purpose, nor seek or accept loans (other than conventional

loans at market rates from lending institutions) from any person or business organization that does or seeks to do business with, or is a competitor of the Company.

Employees who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business, or who participate in negotiating contracts must be particularly careful to avoid actions that create the appearance of favoritism or that may adversely affect the Company's reputation.

Employees should avoid a pattern of accepting frequent courtesies from the same persons or companies. Acceptance and disposal of any gift / business courtesy has to be in line with the requirements of this code.

An employee can keep a business courtesy when acceptance of the courtesy:

- a) Is usually associated with customary business practices.
- b) Promotes successful working relationships and goodwill with persons or firms with whom.
- c) If such courtesy is not in the nature of a bribe
- d) Is not from a prospective customer of the Company
- e) Is not for the purpose of obtaining or retaining business or for influencing the decision or action of the employee in favour of the person giving the gift
- f) Does not create conflict of interest or divided loyalty, such as placing the interests of the person or firm that offered the courtesy above the interests of Company including the Company's interest in conducting business fairly and impartially; and
- g) Does not create the appearance of an improper attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier whose contract is expiring in the near future.
- h) When local customs or practices make it inappropriate to decline the business courtesy at the time it is offered.

The following actions by employees would be completely unacceptable:

- a) Asking for a business courtesy.

b) Accepting a business courtesy when:

☐ An attempt is being made by the donor to offer the courtesy in exchange for or to influence, favourable action by the Company.

☐ An attempt is being made to motivate an employee to do anything that is prohibited by law, regulations.

☐ An attempt is being made to gain an unfair competitive advantage by improperly influencing an employee's discretionary decisions.

☐ Using the Company's name as a means of obtaining business courtesies, such as personal discounts (on products, services, or other items). Employees may accept Company approved discounts or discounts available to all employees.

c) Accepting offers of expense-paid leisure trips from persons or firms with whom the Company maintains or may establish a business relationship.

d) Accepting a gift in cash or cash equivalents of any amount.

## 11. 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 afford 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 Company

The Company will follow the below procedures for dealing with misconducts:

a) In the cases of minor misconducts oral warning will be given to the concerned employee by the immediate supervisor/skip level supervisor, which has to be documented by way of email to HR department. With respect to habitual irregularities of minor misconducts, the immediate supervisor may give an oral warning if it is the first or the second instance of misbehavior. If the misbehavior is repeated for the third time, then the skip level supervisor shall give an oral warning. Beyond three instances of misbehavior, the HR department shall issue warning in writing to the employee.

b) All complaints and proceedings with respect to irregularities in high risk areas, fraudulent irregularities or gross violations of the Code, in the region shall be addressed to and led by the designated Regional HR Manager for regions and designated Head - HR for Corporate Office). The HR in turn will convene the Disciplinary Committee for enquiry proceedings.

- c) The Disciplinary Committee will consist of the Regional HR Manager and Regional Business Managers. The Committee shall have at least 3 members and may be called upon as and when required. If the necessary quorum of 3 members is not available within the same region, the Head of Human Resources (HR) would appoint a suitable member from other locations, with similar responsibility.
- d) An employee who is alleged to have committed an act of misconduct (other than minor misconduct) shall be given a show cause in writing by the HR department or such other officer/s who are so authorized by the management, calling for a written explanation 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.
- e) The employee shall submit his explanation in writing accepting the guilt or refuting the allegations made against him in the charge-sheet within the stipulated time. The management shall consider the explanation submitted by the employee, and if the explanation is found to be not satisfactory, a domestic enquiry may be conducted. If for any reason, it is not possible to conduct the domestic enquiry, the management may straightaway proceed to take necessary disciplinary actions based on the available materials.
- f) No domestic enquiry shall be necessary:
- ☐ if any employee has been convicted of a criminal offence by a court of law.
  - ☐ where the management is satisfied for the reasons to be recorded in writing that it is not practicable to hold an enquiry in the manner provided in the service rules.
  - ☐ where the management is satisfied that in the interest of the security of the establishment, it is not expedient to hold an enquiry in the manner provided in these service rules.
  - ☐ where the charges are admitted by the employee.
- g) The Disciplinary committee shall appoint an enquiry officer from amongst the members of the committee or any outsider who is not a witness to the charges alleged against the employee. The employee will be communicated in writing 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.
- ☐ The enquiry officer shall submit his report to the Disciplinary committee.
  - ☐ If after the enquiry, the employee is adjudged guilty and punished, he shall be deemed to have been absent from duty during the period of suspension and he shall not be entitled to any salary. However, subsistence allowance paid during the period of suspension shall not be reclaimed.
  - ☐ If the employee is held not guilty, the order of suspension shall be withdrawn, if the employee is under suspension 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.

- h) 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.
- i) 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 show cause, and that act of omission or commission is an offence / misconduct, the management, at its discretion may, instead of issuing a fresh show cause, amend the original show cause accordingly, and the employee shall be given further opportunity for explaining and defending himself against the amended charge. Even in such cases, if the management feels that a fresh show cause should be issued, it shall be open to the management to do so.
- j) In awarding punishment, the management shall 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 shall be communicated in writing to the employee concerned.

#### Corrective Action

Any violation of this policy is subject to corrective action up to and including termination of employment. The Company may prefer civil or criminal action against errant employees. Such actions may include penalties as deemed appropriate considering the nature of violation and its implications on the Company. These actions could be – Cautionary Action in the form of fines, Deterrent Action in the form of warning letters and Capital Action in the form of suspension or termination of the employee.

#### 12. Policy Review and Updates

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

Last date of review: 30.10.2017

## Annexures

### Annexure 1 – List of Misconducts

Sr No.	Type of irregularity/ misconduct	Instances
1.	Minor misconduct	<ul style="list-style-type: none"> <li>➤ Unpunctual or irregular attendance, leaving workplace without permission, habitual or prolonged absence without leave</li> <li>➤ Negligence or failure in preserving records or documents</li> <li>➤ Indecent/ discourteous behavior with other employees or customers</li> <li>➤ Misbehavior during enquiry into acts of misconduct</li> <li>➤ Obtaining or attempting to obtain leave of absence by false pretense or abuse of leave facility</li> </ul>
2.	Gross violations of the Code	<ul style="list-style-type: none"> <li>➤ Willful insubordination or disobedience, whether alone or in combination with others to any of lawful and reasonable order or orders of superiors</li> <li>➤ Giving false statement regarding name, age, father's name, qualification or previous service or any such personal details</li> <li>➤ Obtaining employment by concealing antecedents, which if disclosed would have resulted in the employee not getting employment in the company</li> </ul>
3.	Fraudulent irregularities	<ul style="list-style-type: none"> <li>➤ Theft, fraud or misappropriation of company's funds, dishonesty in connection with employer's business or property</li> <li>➤ Demanding, taking offering or giving bribes or any illegal gratification</li> <li>➤ Indecent/ discourteous behavior with other employees or customers</li> <li>➤ Embezzlement, misappropriation or mischief in connection with the establishment's business or property</li> </ul>
4.	Irregularities in high risk areas	<ul style="list-style-type: none"> <li>➤ Tampering with any records, evidence, threatening the witness</li> <li>➤ Failure to act in spite of having knowledge of wrongful practices being followed.</li> <li>➤ Failure to take corrective steps/ escalate wrongful practices to higher authorities</li> </ul>

The above is not an exhaustive list of misconducts and includes only the major misconducts.

## **Annexure 2 – Duties of directors**

The duties of 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, 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.

The duties of independent directors as per Schedule IV of the Companies Act, 2013:

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 / Code of Business Ethics;
12. acting within his 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.