

AU SMALL FINANCE BANK LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Version Control

Document Version	Description of Changes	Date	Prepared / Changed by	Sign-Off
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CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

1. INTRODUCTION

This Code of Conduct (hereinafter referred to as “the Code”) has been framed and adopted by AU SMALL FINANCE BANK LIMITED (hereinafter referred to as “Bank”) in compliance with the Regulation 17 (5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. APPLICABILITY

The Code applies to the Members of Board of Directors (hereinafter referred to as “Board Members) and Members of the Senior Management personnel of the Bank one level below chief executive officer / managing director / whole time director / manager (including chief executive officer /manager, in case chief executive officer / manager not part of the board) and shall specifically include company secretary and chief financial officer of the Bank (hereinafter referred to as “Senior Managers”) but administrative staff shall not be included.

The Company Secretary shall be the Compliance Officer for the purpose of this Code.

The Code shall come into force with effect from April 01, 2017 and future amendments / modifications shall take effect from the date stated therein.

The Code shall be posted on the website of the Bank.

3. OBJECTIVES

The Directors/Senior Management personnel shall discharge their duties in good faith and integrity in business judgment and in the best interests of the Bank and its stakeholders. They are expected to use their best endeavors and organize the resources for advancing the Bank’s objectives.

They shall act ethically, honestly, diligently and in good faith to protect the Bank’s properties, brand equity and image. They shall act in good faith, responsibly, with due care, competence and diligence and without allowing their independent judgment to be subordinated. They shall act in the best interests of the Bank and fulfill their fiduciary obligations.

4. DUTIES OF DIRECTORS: UNDER SECTION 166 OF THE COMPANIES ACT, 2013

All Directors of the Bank shall –

- i. act in accordance with the Articles of the Bank.
- ii. act in good faith in order to promote the objects of the Bank for the benefit of its members as a whole, and in the best interests of the Bank, its employees, the shareholders, the community and for the protection of environment.
- iii. exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iv. 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 Bank.
- v. 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.
- vi. not assign his office and any assignment so made shall be void.

5. DUTIES OF INDEPENDENT DIRECTORS: IN COMPLIANCE TO SCHEDULE IV AND SECTION 149(8) OF THE COMPANIES ACT 2013.

- i. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Bank;
- ii. 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 Bank;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- iv. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the Bank;
- vi. where they have concerns about the running of the Bank 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;
- vii. keep themselves well informed about the Bank and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. 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 Bank;

- x. ascertain and ensure that the Bank 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;
- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy;
- xii. acting within his authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees;
- xiii. 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.

Further, the Board Members and the Senior Management of the Bank:

- i. Shall maintain and help the Bank in maintaining highest degree of Corporate Governance practice
- ii. Shall ensure that they use the Bank's assets, properties, information and intellectual rights for official purpose only or as per the terms of their appointment.
- iii. Shall not seek, accept or receive, directly or indirectly, any gift, payments or favour in whatsoever form from Bank's business associates, which can be perceived as being given to gain favour or dealing with the Bank and shall ensure that the Bank's interests are never compromised.
- iv. Shall maintain confidentiality of information entrusted by the Bank or acquired during performance of their duties and shall not use it for personal gain or advantage.
- v. Shall not commit any offences involving moral turpitude or any act contrary to law or opposed to the public policy and Shall not communicate with any member of press or publicity media or any other outside agency on matters concerning the Bank, except through the designated spokespersons or authorized otherwise.
- vi. Shall not, without the prior approval of the Board or Senior Management, as the case may be, accepts employment or a position of responsibility with any other organization for remuneration or otherwise that are prejudicial to the interests of the Bank and shall not allow personal interest to conflict with the interest of the Bank.
- vii. Shall act in conformity with applicable legal provisions, including those relating to Related Party Transactions, disclose personal and/ or financial interest in any business dealings concerning the Bank and shall declare information about their relatives (spouse, dependent children and dependent parents) including transactions, if any, entered into with them so as to enable the Board Members to take an informed decision.
- viii. Shall ensure compliance of the prescribed safety & environment related norms and other applicable codes, laws, rules, regulations and statutes, which if not complied with may, otherwise, disqualify him/ her from his/ her association with the Bank.
- ix. Shall ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as also other regulations as may become applicable to them from time to time.
- x. Shall ensure the Compliance of Banking Regulations Act, 1949 and of applicable RBI guidelines for Directors and SMPs.

6. APPLICABLE LAWS

The Directors of the Bank and Core Management team must comply with applicable laws, regulations, rules and regulatory orders in compliance to Regulation 17(5) (a) & (b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Schedule IV read with section 149(8) of the Companies act 2013. They should report any inadvertent non-compliance, if detected subsequently, to the concerned authorities. They should affirm compliance with this Code on an annual basis.

7. ANNUAL COMPLIANCE REPORTING

Board Member and Senior Management personnel shall affirm compliance with this Code on an annual basis as at the end of each financial year of the Bank (as per required format within 15 days of the close of every financial year).

8. AMENDMENT/ MODIFICATION/ WAIVER

This code may be amended, modified, varied or waived by the Board as may be deemed necessary in the interests of the Bank and subject to the provisions of applicable laws, regulations or guidelines.

9. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

Each Board Member and Senior Management personnel shall acknowledge receipt of the Code or any modification(s) thereto.

10. 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.

Approving Authority	Board of Directors
Date of Approval/ Review	22 nd April 2019

ANNEXURE - I

**To,
The Company Secretary & Compliance Officer,
AU Small Finance Bank Limited
Bank House, Mile 0,
Ajmer Road, Jaipur - 302 001**

Dear Sir/ Madam,

Sub: Declaration confirming compliance with the Code of Conduct for Directors and Senior Management Personnel

I, _____, _____(designation) do and hereby acknowledge and confirm that during the Financial Year _____ to the best of my knowledge and belief, I hereby affirm the compliance of Code of Conduct for Directors and Senior Management Personnel of the Bank.

Signature:

Name:

Designation:

Place:

Date: