

## JSFB Code of Conduct Policy

Commissioned by: Human Resource Department

Approved by : Board of Directors

Effective Date : 12-May-2020

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## 1. Purpose and Scope

The **Jana Code of Conduct Policy** lays down the standards expected on ethical behaviour and actions from employees, including permanent employees, contract employees, temporary employees, interns, part-time employees and anyone else working for or representing Jana Small Finance Bank Ltd. (Jana Bank) & Directors (Annexure – A - ‘Code For Independent Directors’).

It also describes the Code of Conduct which employees are required to mandatorily follow in their day to day work and dealings.

## 2. In keeping with the key guiding principles of the policy, employees should:

- ✓ **Always act with sound judgement, within their authority and with responsibility:** Employees should always be disciplined and responsible in the risks that they take in their day-to-day work and ensure that they are appropriate to their business or activity. Further, all employees’ decisions and actions should be after using sound judgement and within their delegated authority and should be limited to their business/function and area of work.
- ✓ **Blow the whistle:** Employees have a responsibility to report anything which is not in the interests of Jana Bank or can create a reputational or any other risk for the bank. ‘Blowing the whistle’ will help the bank to maintain a strong culture of ethics, integrity and transparency (*Please also refer to the Jana Whistleblower Policy for further details*).
- ✓ **Comply with laws, regulations and Jana Bank policies:** Employees are responsible for complying with the ‘letter’ and ‘spirit’ of all laws, regulations (of RBI and other regulators) and internal policies and processes of Jana Bank. While ‘letter’ means the written content of the laws, regulations and policies, ‘spirit’ means the meaning or rationale or message behind these laws, regulations and policies.

**Not indulge in or assist in bribery, corruption or money laundering:** Bribery, corruption and money laundering are all illegal and can damage the reputation of Jana Bank. Employees must not give or receive bribes (including giving or receiving any personal favor or benefit). Any gift or entertainment that are received or given should be in line with the Jana Gifts and Entertainment Policy (*Please refer to the Jana Gifts and Entertainment Policy for more details*). Employees should not make any payments to external people, including government officials, for getting things done and which they are expected to do in their normal course of work. They should also meticulously follow the Know Your Customer/Anti-Money Laundering (KYC/AML) policy of Jana Bank and report any suspicion of money laundering to higher authorities as per the requirements laid down in Jana Bank’s KYC/AML policy.

- ✓ **Treat Customers Fairly (TCF):** It is Jana’s focus to build long-term relationships with its customers and, towards this, employees should comply with the following TCF principles in their day to day dealings with customers:
  - Sell products that are suitable and appropriate for our customers based on their financial position and risk profile
  - Not mis-sell Jana Bank products or give wrong or incomplete advice to customers

- Be always transparent in their dealings – both verbal and in writing. Employees should not hide any relevant information from customers which is important for them to take a considered financial decision.
  - Always explain the ‘Most Important Terms and Conditions’ to customers e.g. interest, repayment, tenure and other key conditions of the deposit or loan
  - Jana Bank prohibits employees from having sexual and or romantic relationships with customers. In addition, Jana Bank prohibits any of the following “behavior amounting to sexual harassment:”
    - Implied or explicit promise of preferential treatment or threat of detrimental treatment to the customer
    - The Implied or explicit threat about the customer’s present or future status
    - Interference with the customer’s work or life
    - Humiliating treatment likely to affect the customer’s health or safety
- ✓ **Take care of Conflicts of Interest:** It is important that employees must not put themselves in a position where their sound and impartial judgment could be affected. Towards this, they are responsible for identifying and managing any conflict of interest that can arise in their day to day work (*Please refer to Jana Conflicts of Interest Policy for more details*).
- ✓ **Protect confidential information and follow media and social media norms:** Building trust is a basic tenet of all our relationships with customers. Employees must not disclose or share any confidential information belonging to our customers/prospective customers or Jana Bank unless they are authorized to do so. Further, employees should not post/forward anything (including pictures and videos) on social media e.g. WhatsApp, Facebook, Twitter, Instagram etc. which are derogatory or can breach the confidentiality of Jana Bank, its customers or any third party. Similarly, do not communicate anything with media (both print and electronic media) unless Jana Bank has given you the necessary authority to do so (*Please refer to the Jana Data Privacy and Confidentiality Policy and Social Media Policy for further details*).
- ✓ **Treat colleagues fairly and with respect:** All employees are entitled to a safe working environment that is inclusive and free from discrimination, bullying, harassment, physical harm, verbal and written threats, intoxicated while on duty/meeting customers. Treating colleagues fairly and without discrimination based on sex, caste, colour etc. will help in building the Jana brand and will result in a positive effect on our business results (*Please also refer to Jana Anti-sexual Harassment Policy for further details*)
- ✓ **Be open and transparent with regulators:** Employees should always deal with regulators in an open, responsive, cooperative and transparent manner and provide regulators with all information (both verbal and in writing) that they would reasonably expect from Jana Bank. Please always refer to the Compliance team for any guidance if in doubt on such matters.

- **Contribute to our communities and the environment:** As part of Jana Bank's Corporate Social Responsibility (CSR) initiatives, the bank wants to give back to the society and communities that we work in. Towards this, employees should lead and participate in all environment and community-related initiatives that the bank organizes or which they may want to participate in or lead on their own.

**Fraternization:** Jana Bank prohibits supervisors from having sexual and romantic relationships with direct and indirect reports. However, if employees are in such relationships, they must make a declaration to HR, who will determine the next steps to be taken.

The purpose of the fraternization clause is to:

- Prevent favouritism
- Prevent potential conflict of interest
- Protect the company from sexual harassment claims
- Avoid the loss of morale that may occur when a manager or supervisor has a romantic or flirtatious relationship with a lower-level employee

Although the Code of Conduct policy covers several critical areas, there will always be some situations which may not be covered by the above codes. In such situations, the guiding principle shall be to act in the best interests of Jana Bank and employees should consult with their Line Managers/functional heads/Compliance team when in doubt.

### 3. Policy Effective Date

This policy comes into effect immediately on approval by the Board of Directors of the Bank and shall remain in force until further review by the Board.

## Annexure - A

## Code For Independent Directors

### [As per Section 149(8) of the Companies Act, 2013]

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) scrutinise 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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(12) acting 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.

#### **V. Manner of appointment:**

(1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **VI. Resignation or removal:**

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings:**

(1) The independent directors of the company shall hold at least one meeting in a financial 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:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) 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.

#### **VIII. Evaluation mechanism:**

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

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