



**CODE OF CONDUCT FOR
MEMBERS OF THE BOARD AND
SENIOR MANAGEMENT
OF
FINO PAYMENTS BANK
LIMITED**

**Document Review and Approval
Revision history**

	Summary of Change	Prepared By	Reviewed by	Recommended by (Mgt. Com)	Approved by	Ver No.	Effective Date
1	First release	Basavraj Loni, DVP- Legal and Company Secretary	Ketan Merchant, Chief Financial Officer	N.A.	Board of Directors	1.0	November 12, 2021
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CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

INTRODUCTION:

This Code has been framed in order to serve as a guide to the Directors and Senior Management of FINO PAYMENTS BANK LIMITED (**'Bank'**) on principles of integrity, transparency and business ethics.

The Code has been adopted as per the requirements of Reg. 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (**'Listing Regulations'**) and shall be effective from the date of listing of the securities of the Bank on the stock exchanges. Further, as laid down in Schedule IV of the Companies Act, 2013, it also provides for the duties of independent directors.

The term "Senior Management Personnel" shall mean the officers or personnel of the Bank who are members of its core management team excluding Board of Directors and includes members of the management one level below the Chief Executive Officer and executive directors including all functional heads and 'key managerial personnel' as defined under the Companies Act, 2013 or any other person whom the Bank may declare as a key managerial personnel.

The words, terms and expressions referred to in this policy will have the same meaning as defined under the Companies Act, 2013 (the "Act") and the rules made there under and the Listing Regulations including any statutory modification or re-enactment thereto, as the case may be.

In this Policy, unless the contrary intention appears:

- a. the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b. a reference to a clause number includes a reference to its sub-clauses;
- c. words in singular number include the plural and vice versa.

OBJECTIVE:

With a view to maintain high standards of governance, to induce and recognize the virtues of honesty and accountability and to serve as a guideline for addressing situations involving ethical issues in all spheres of activities of the organization, the following rules/code of conduct is required to be observed.

The Directors and Senior Management Personnel (**'SMP'**) are expected to act in good faith and in such manner as they reasonably believe to be in the best interest of the Bank. The Directors and Senior Management Personnel are also expected to:

- a) Comply with all applicable laws, regulations, confidentiality, obligations and other corporate policies of the Bank;
- b) Follow all policies, procedure and internal control system of the Bank.
- c) 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 endeavours 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 fulfil their fiduciary obligations.

SCOPE:

All the Directors and SMP of the Bank shall conduct their activities on behalf of the Bank and on their own behalf with honesty, integrity and fairness. The Directors and SMP of the Bank shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated, in accordance with applicable laws. The Directors and SMP of the Bank will act in the best interest of the Bank, and fulfil the fiduciary obligations. They are also required to affirm compliance with this Code on an annual basis.

Further, this Code, at all times, be read with the Code of Conduct for the employees. In case of any conflict between this Code and Code of Conduct for the employees, the provisions of this Code shall prevail for the Directors and SMP.

CONFLICT OF INTEREST:

All the Directors and SMP of the Bank should not enter into any transaction or engage in any practice, directly or indirectly, that may influence him/her to act in any manner other than in best interest of the Bank. Every Director and SMP should make a full disclosure to the Board of any material transaction that they reasonable expect, could give rise to an actual conflict of interest with the Bank, and seek the Board's authorization to pursue such transactions. Under this Code, all transactions having conflict of interest should be carried out in accordance with law and be fully disclosed to the Board and, upon a decision being taken in the matter, the person concerned will be required to take necessary action as advised to resolve/avoid the conflict; further if the Director or SMP fails to make a disclosure as required herein, and the Board of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the concerned person, the Board would take a serious view of the matter and consider suitable disciplinary action against the person concerned; and if a proposed transaction or situation raises any question or doubts to any Director/ SMP, such Director/ SMP should consult the Compliance Officer of the Bank.

Conflicts can arise in many situations. It is not possible to cover every possible conflict situation and at times, it will not be easy to distinguish between proper and improper activity. Below are the common circumstances that may lead to a conflict of interest, actual or potential: –

- They should not engage in any activity/employment that interferes with the performance or responsibility to the Bank or is otherwise in conflict with or prejudicial to the Bank.
- They and their immediate families should generally refrain from investments in such companies/entities whereby their responsibility to the Bank is compromised.
- They should avoid conducting business with a relative or with a firm/Bank in which a relative/related party is associated in any significant role. If such related party transaction is unavoidable, it must be fully disclosed to

the board of the Bank. Transactions/ dealing done on arm's length basis shall not be considered to be conflict of interest.

DISCLOSURE OF INTEREST:

The Directors shall promptly disclose at the time of their appointment and subsequently whenever there is a change, their interest in other companies and body corporates in compliance with applicable laws.

The Directors and Senior Management shall also promptly disclose their relationships with other individuals, firms or body corporate wherever such relationship may affect their independence of judgment while performing their duties and responsibilities towards the Bank.

BANK PROPERTY:

Every Director and SMP should endeavour to ensure that they use the Bank's assets, proprietary information and resource only for the legitimate business purposes of the Bank and not for their personal gains.

CONFIDENTIAL INFORMATION:

The Directors and SMP should maintain confidentiality of information entrusted to them in carrying out their duties and responsibilities. The Bank's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any Director or SMP. These obligations apply not only during Director's term or term of SMP's engagement but thereafter as well until and unless the said information becomes public.

The Directors and SMP should return all Confidential Information to the Bank forthwith upon request by the Bank or upon cessation of directorship/ employment with the Bank, whichever is later. If Bank permits the destruction of such Confidential Information, the Directors and SMP shall destroy the Confidential Information and shall provide to the Bank written declaration that such destruction has been carried out.

Confidential information includes but are not restricted to:

- Information not yet released to the public;
- Unpublished Bank strategy;

- Current or future R&D programs, technical breakthroughs and/or inventions;
- Investments, planned mergers or acquisitions;
- Information received from customers or partners;
- Unpublished Financial data either actual or forecasted;
- Employee information

The confidential information and proprietary information shall not be inappropriately disclosed or used for personal gain or advantage of any Director. These obligations apply not only during a Director's term, but thereafter as well unless the said information becomes public.

FAIR DEALING:

The Directors and SMP should endeavour to deal fairly with all stakeholders and not seek to take unfair advantage of the Bank through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing.

COMPLIANCE WITH LAWS AND REGULATIONS:

The Directors and SMP should comply with all the applicable laws, rules and regulations for the time being in force. In addition, if any Director becomes aware of any information that he believes constitutes evidence of a material violation of any securities or other laws, rules or regulations applicable to the Bank or the operation of its business, by the Bank or any Employee or another Director, then such Director should bring such information to the attention of the Chairman of the Audit Committee. The Directors and SMP shall not make any payment or enter into any transaction either directly or indirectly, which may result in violation of any law in force. Further, neither the Directors nor the SMP and any person acting on their behalf should make or accept facilitation payments or kickbacks of any kind otherwise not permissible under law.

The Annual Report of the Bank shall contain a declaration to this effect signed by the Managing Director & CEO.

INSIDER TRADING:

None of the Directors or SMP shall derive any benefit, nor assist others to derive benefit by giving investment advice from access to and possession of information about the Bank, which is not in public domain and constitutes insider information. All Directors and SMP shall comply with all the applicable policies and codes of the Bank pertaining to prevention of insider trading.

Every Director of the Bank and his / her Immediate Relatives shall abide with the relevant provisions of the Share Dealing Code and Fair Practices Code, formulated and adopted by the Bank, in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and as amended, from time to time.

DUTIES OF DIRECTORS:

Every Director of the Bank shall endeavour to comply with the provisions of Section 166 of the Companies Act, 2013 and such other provisions of applicable laws/regulations, relating to the duties of the Directors.

In addition, Independent Directors shall also perform the duties as prescribed in Schedule IV of the Companies Act, 2013 as per the Code attached hereto.

NON-COMPLIANCE:

Suspected violations of this Code shall be reported to the Chairman of the Board or Audit Committee. Any waiver or amendment of this Code must be approved by the Board of Directors and publicly disclosed, if required, by any applicable law or regulation.

In addition to the compliance of Code of Conduct applicable to the Board of Directors and Senior Management of the Bank, each Independent Director shall also comply with the following Code in terms of Section 149(8) of the Companies Act, 2013, read with Schedule IV thereto.

DISCLOSURE:

The Board Member and the Senior Management Personnel shall also affirm the compliance with the Code on annual basis.

The annual report of the Bank shall carry a declaration signed by the CEO/ Managing Director of the Company stating that the members of Board and Senior Management have affirmed compliance with the Code.

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.

The code of conduct shall also be hosted on the website of the Bank.

Schedule IV

[See section 149(8)]

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 Bank;
- (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 Bank 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 Bank 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; and
- (9) assist the Bank 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 those 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; and
- (8) moderate and arbitrate in the interest of the Bank 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 Bank;
- (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 Bank;
- (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 Bank;
- (6) 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;
- (7) keep themselves well informed about the Bank 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 Bank;
- (10) 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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy;
- (12) act within their authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees; and
- (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. Manner of appointment:

- (1) Appointment process of Independent Directors shall be independent of the Bank 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 Bank 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 acBanking liabilities;

- (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the Bank expects its Directors and employees to follow;
 - (f) the list of actions that a Director should not do while functioning as such in the Bank; 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 Bank by any member during normal business hours.
- (6) the terms and conditions of appointment of Independent Directors shall also be posted on the Bank'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 Bank shall be replaced by a new Independent Director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the Bank 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 Bank 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 Bank 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 Bank, taking into account the views of executive Directors and non-executive Directors; and
 - (c) assess the quality, quantity and timeliness of flow of information between the Bank 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.
