

**UNITY SMALL FINANCE BANK LIMITED**

**CODE OF CONDUCT**

**FOR DIRECTORS AND SENIOR MANAGEMENT OF**

**THE BANK**

**VERSION 3.0**

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## **PREAMBLE**

The Board of Directors and the senior management employees of the **UNITY SMALL FINANCE BANK (the Bank)** are individually and collectively responsible to act in accordance with the highest level of professional and ethical standards.

This Code of Conduct (hereinafter referred to as “the Code”) attempts to set forth the guiding principles on which the Directors and senior management employees of the Bank shall operate and conduct the Bank’s business with its multitudinous stakeholders, government and regulatory agencies, media, vendors, and anyone else with whom it is connected. The Bank recognizes that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success and to achieve this. The Directors and senior management employees are expected to understand and adhere to and comply with the provisions of this Code.

The Code is based on the stated values of the Bank including Ethics & Integrity, Customer Focus, Employee Friendly, Respect and Simplicity.

## **APPLICABILITY**

The Code is applicable to the Members of Board of Directors (hereinafter referred to as “Board Members”) and Members of the Senior Management (Senior Management) of the Bank one level below chief executive officer / managing director / whole time director / manager and shall specifically include company secretary and chief financial officer of the Bank (hereinafter referred to as “Senior Management” or “Senior Management Personnels (SMPs)” but administrative staff shall not be included. For the purpose of clarity, it is hereby submitted that all members of Executive Committee (EXCO), Chief Financial Officer and Company Secretary shall be considered as SMPs of the Bank.

Every Board Member and every SMP of the Bank shall adhere to this Code of Conduct. The

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

The Code shall come into force with effect from February 09, 2022 and future amendments / modifications shall take effect from the date stated therein.

## **OBJECTIVES OF THE CODE**

The objectives of this Code of Conduct are:

- i) To ensure compliance with the provisions of the Companies Act, 2013 with respect to duties of Directors and the role of independent directors
- ii) To ensure compliance with the roles and responsibilities entrusted by the Reserve Bank of India on the Board of Directors and SMPs of the Bank.
- iii) To adhere 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;

- iv) To ensure that there is no misuse or misappropriation of the Bank's assets and resources
- v) To retain the highest level of confidentiality and fair dealing within and outside the Bank.

## **DUTIES OF DIRECTORS OF THE BANK**

The Directors of the Bank shall: -

- (1) Subject to the provisions of the Companies Act, 2013, act in accordance with the Articles of Association of the Bank.
- (2) 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.
- (3) Exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) 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.
- (5) 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.
- (6) Not assign his/her office and any assignment so made shall be void.
- (7) Be familiar with the broad objectives of the Bank and the policies laid down by the Government and the Reserve Bank and have a proper understanding of the business of the Bank
- (8) Shall attend Board Meetings regularly and shall express his/her views and opinions at Board Meetings without any fear or favour.
- (9) Shall bring independent judgement to bear on all matters brought before the Board including but not limited to statutory compliances, performance reviews, compliance with internal control systems and procedures, key executive appointments and standards of conduct.
- (10) Shall not make improper use of any information disclosed to him/ her as a Board member and shall use all information disclosed to him/her as Director of the Bank only for the purpose of performance of his/ her duties as a Director and not for any other purpose.

## **B) Additional duties of Independent Directors under Section 149 (8) read with Schedule IV of the Companies Act, 2013**

The Independent Directors of the Bank shall: -

- 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) act within their 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.
- xiv) ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as also other regulations as may become applicable to them from time to time.

## **DUTIES OF SENIOR MANAGEMENT**

The SMP of the Bank, in addition to the Code of Conduct shall comply with the provisions of the Employee Policies Manual of the Bank as stated below:

- i. Act with honesty, integrity, good faith, fairness as well as high ethical standards in all dealings and with all stakeholders.
- ii. 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. 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. 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. They shall also treat the information of the Bank and/or its clients with the highest degree of confidentiality. Such confidential information is not to be disclosed to anyone (including colleagues) unless they have a valid business need to know this information. No disclosures can be made by any person who is not duly authorized to disclose the information. This provision will continue to apply even if the or member of senior management ceases to be associated with the Bank.
- v. 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. not, without the prior approval of the Board or senior management, as the case may be, accept 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 interests of the Bank.
- vii. 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.

Further, they shall inform the Bank at the earliest, if they or any of their relatives hold or have held a political office, a judicial office or a government office;

- viii. 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 as also follow all safety measures to ensure the safety and security of the Bank's physical, financial and digital assets and information.
- ix. 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. ensure the compliance of Banking Regulation Act, 1949 and of applicable RBI guidelines for SMP.
- xi. comply with the Bank's Policy on Prevention of Sexual Harassment.
- xii. encourage the use of the Whistle Blower mechanism to communicate to the management any concerns regarding unethical behavior, actual or suspected fraud or violation of accepted business conduct in a secure and confidential manner.

- xiii. lead by self- commitment, guide by motivation, and maintain a supportive work environment which is fair and non-discriminatory.
- xiv. Communicate with clients in a professional, courteous and dignified manner exemplifying courtesy, respect and decorum at all times and speak on behalf of the Bank only when duly authorized to carry out that specific communication.
- xv. ensure that all communications and records are accurate, truthful, and professional with no malafide alterations or concealments. Records must be securely maintained and archived in accordance with record retention policies.
- xvi. To uphold the Bank's commitment to providing a safe and healthy workplace. The Bank has a zero-tolerance approach to drugs and alcohol and employees shall not come to work intoxicated or under the influence of drugs. The Bank may carry out screening for alcohol and drugs. Testing may be carried out on reasonable suspicion or following an accident or incident. The Bank also reserves the right to introduce random testing at its sole discretion.

## **COMPLIANCE**

Every Director and member of senior management is expected to:

- a. Conduct himself/ herself in a professional manner and act within the authority conferred upon him/her by the Bank and in the best interests of the Bank at all times through strict adherence to policies, systems and processes framed by the Bank;
- b. Ensure compliance with all laws, rules and regulations applicable to the business of the Bank and ensure that all applicable regulatory/ statutory requirements are adhered to;
- c. Prepare full and fair disclosures in reports or other communications that are required to be submitted or filed by the Bank with statutory/ regulatory authorities in the ordinary course of business;
- d. Respect the confidentiality of information acquired or accessed during the course of work and ensure that such information is not used for personal gain;
- e. Bring to the attention of the management or the Board any information that may be perceived to be violating any legal/ statutory requirement or any suspected or actual instances of fraud which may subject the Bank or any of its Board members or officers of the Bank to any liability, litigation or prosecution;
- f. Fulfil their fiduciary obligations without allowing their independence of judgement to be compromised.

## **CONFLICT OF INTEREST**

The Bank expects its Directors and SMP 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 interests of the Bank or its stakeholders.

A conflict of interest occurs when the personal interest of any Board member interferes or appears to interfere in any way with the interests of the Bank. Towards this objective, Directors and SMP are expected to perform their duties in a way that they do not conflict with the Bank's interests, such as:

- Not engaging in any activity that interferes with their responsibilities towards the Bank or otherwise is in conflict with, or prejudicial to the Bank;
- Disclosing to the Bank any conflicting interests that may arise during their tenure as Director or senior management employee of the Bank;
- Providing a list of his/her relatives (as defined under Companies Act, 2013 and under RBI Guidelines) and to the extent the Directors are aware, provide the relatives' interests in other bodies corporate, firms and other entities
- In the event of any transaction with a related party being unavoidable, he/she should disclose the nature of the Related Party transaction to the appropriate authority and ensure that such transactions are conducted in such a way that there is no preferential treatment given to the related party.

## REVIEW AND AMENDMENT

This Code shall be reviewed from time to time in the interests of the Bank and subject to the provisions of applicable laws, regulations or guidelines and any modifications or amendments hereto shall be subject to review and approval of the Board of Directors.

## REPORTING REQUIREMENTS

The Bank shall place this Code of Conduct on its website.

Each Board Member shall be given a copy of the Code of Conduct and any modification(s) thereto.

All members of the Board of directors shall affirm compliance with the Code of Conduct on an annual basis and the same shall be placed before the Board along with the annual declarations of the Board members.

Every SMP to whom this Code applies shall affirm compliance with the Code of Conduct on an annual basis. The format of the annual confirmation is attached as Annexure-I.

## VERSION CONTROL TABLE

Version	Board Approval Date	Maintained by
1.0	09/02/2022	Secretarial Department
2.0	15/12/2022	Secretarial Department
3.0	02/02/2024	Secretarial Department



**ANNEXURE – I**

To,  
**The Company Secretary & Compliance Officer, Unity Small  
Finance Bank Limited  
Mumbai**

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:

- i. I have read and understood the Code of Conduct for Directors and Senior Management Personnel as update on the Bank's website from time to time.
- ii. I hereby affirm the compliance of Code of Conduct for Directors and Senior Management Personnel of the Bank during the Financial Year \_\_\_\_\_.

Signature:

Name:

Designation:

Place:

Date: