



## **IDFC FIRST Bank Limited**

### **CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL**

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## CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL

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## CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL

### 1. Background and Applicability

This Code of Conduct for Board of Directors & Senior Management Personnel (hereinafter referred to as the “**Code**”) is formulated in line with the requirement of Regulation 17(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”) read with Schedule IV of the Companies Act, 2013 on Code for Independent Directors.

This Code is applicable to all the Board of Directors and Senior Management Personnel (“**SMP**”) of IDFC FIRST Bank Limited (the “**IDFC FIRST Bank**” or “**Bank**”). Each Director and SMP shall be duty-bound to follow the provisions of this Code.

*SMP shall include Officers/ personnel of the Bank one level below the Managing Director & Chief Executive Officer and Key Managerial Personnel of the Bank.*

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

In addition to observing compliance with this Code, the MD&CEO/ Whole Time Directors and the SMP shall also adhere to the requirements of Banks’ Code of Conduct applicable to the Employees of the Bank.

### 2. Objective and Purpose

This Code intends to ensure transparency and adherence to highest business and ethical standards in managing the affairs of the Bank. The purpose of this Code is to adopt and set the standards to be followed which can enhance the value of the organization.

The Bank values the ethical business standards very highly and intends that the Board of Directors and SMP uphold these standards in day to day activities in compliance with applicable laws, rules, regulations and procedures adopted by the Bank.

### 3. Honest and Ethical Conduct

All the Directors and SMP are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct while working at the Bank’s premises, at

offsite locations where the Bank's business is being conducted, at Bank's sponsored business and social events, and/or at any other place where the Directors and SMP represent the Bank.

All the Directors and SMP shall 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.

We consider honest conduct to be conduct that is free from fraud and/ or deception.

We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Wherever any Director / SMP is unsure about the appropriateness of an event or action, such Director/ SMP should seek assistance of the Compliance Officer in interpreting the requirements of the Code.

#### **4. Principles and Values to be followed by Company**

All Directors and SMP shall adhere to the Principles and Values adopted by the Bank. Few of them are enumerated below:

- **Financial Reporting and Records**

The Bank prepares and maintains its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations, as applicable to the Bank.

Internal accounting and audit procedures shall fairly and accurately reflect all the Bank's business transactions and disposition of assets.

All required information shall be made accessible to Auditors and Directors of the Bank, and such other authorised parties and government/ regulatory agencies, as may be required. There shall not be any willful omissions of any transactions from the books and records of the Bank nor any knowing/willful misstatement of the financial position of the Bank.

Apart from inviting appropriate civil or criminal action under the relevant laws, any willful material misrepresentation of and/or misinformation in the financial accounts and reports shall be regarded as a violation of the Code.

- Discrimination and Harassment

The Bank is committed to providing a workplace that is free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability, veteran status, or any other biases. Every Board Member and SMP of the Bank shall endeavour to free the workplace from such biases.

- Safety, Health, and Environment

The Bank shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in.

The Bank shall be committed to prevent the wasteful use of natural resources and, wherever possible, minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment. Every Board Member and SMP of the Bank shall endeavor to adhere to the aforesaid principle.

- Disclosures

The Bank's policy is to provide full, fair, accurate and timely disclosure in reports and documents that Bank files with, or submits to, the Reserve Bank of India, Stock Exchange, Securities and Exchange Board of India and/or any other government/ regulatory authority and in all other public communications made by the Bank. Every Board Member and SMP of the Bank has the general responsibility for preparing such filings/communications and shall ensure that these confirm to applicable laws and regulations.

## 5. Conflicts of Interest

The Board Members and SMP of the Bank shall avoid conflicts of interest with the Bank and, in case there is or may be such a conflict, it shall be promptly disclosed. A conflict of interest exists where the self-interests of a person conflicts with the interests of the Bank.

It is the duty of each Board Member and SMP to adequately and timely disclose to the Board, any material transaction or relationship that reasonably could be expected to give rise to such a conflict.

Non-disclosure of conflict of interest by any Board Member/ SMP would be treated as a misconduct

if the same is conscious and deliberate (not inadvertent) and the Board Member may decide an appropriate penal action (including such other action(s), as may be deemed necessary) for the same. The Board of the Bank may ratify an inadvertent non-disclosure of the conflict of interest by any Board Member, if deemed appropriate and such ratification along with the reason for non-disclosure, would be appropriately recorded.

#### **A] Employment / Outside Employment:**

The Board Member and SMP are expected to devote their sufficient time and attention to the business interests of the Bank. Hence, Board Member and SMP are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank, or it otherwise is in conflict with or prejudicial to the Bank like simultaneous engagement/ employment or directorship with competitors of the Bank, or from taking part in any activity that enhances or supports a competitor's position. Each Board Member and SMP shall inform the Board of any change in events/ circumstances/ conditions that may interfere with his/ her ability to perform duties.

Board Member / SMP of the Bank shall not assign his/ her office and any assignment so made shall be void.

Board Member / SMP of the Bank shall exercise his/ her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

#### **B] Outside Directorships:**

It may be a conflict of interest to serve as a Director of any Company that competes directly with the Bank. It shall be the duty of the Directors, to first obtain approval from the Bank's Board before accepting such Directorship of a competing entity.

To determine whether a conflict exists, factors such as the business in which such other entity operates, the position of Director/ SMP and his/ her ability to influence such other entity's decisions, should be considered.

Directors shall make all required disclosures to the Bank as per the applicable provisions of the Companies Act, Listing Regulations and Banking Regulations including but not limited to Disclosure of Interest in other Companies.

In accordance with the provisions of Banking Regulation Act, 1949, the MD & CEO shall not take

Directorship of any other Company.

Each Board member and SMP shall comply with the applicable provisions of law, before accepting any outside Directorship.

#### **C] Business Interests:**

If any Director/ SMP is considering investment in the business of any customer or competitor of the Bank (except for routine equity portfolio investments which are not strategic in nature), he or she must first take care to ensure that these investments do not compromise their responsibilities towards the Bank. Before making investment in the business of a competitor, the Director/ SMP shall take prior approval from the Board of Directors of the Bank.

Many factors should be considered in determining whether a conflict exists, including the size and nature of investment, the Director/ SMP ability to influence the Company's decisions; his/ her access to confidential information of the Company or the other company and the nature of relationship between the Bank and the other company.

Before making investment in any listed entity, Directors/ SMP shall ensure compliance of Code of Conduct for Prohibition of Insider Trading and other Securities / other Laws, as may be applicable.

#### **D] Related Parties:**

As a general rule, Board Member/ SMP, should avoid conducting Bank business with a Relative, or a business in which a Relative is associated in any significant role. For the purpose of this Code, **"Relative"** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and the rules prescribed thereunder.

The Board members/ SMP shall adhere compliance with the applicable provisions of law and internal Policies, in regard to the Related Party Transactions, wherever required.

The Bank does not allow employment of Close Relatives of Board members/ SMPs. Close relatives for the purpose of this policy would be defined as Employee's spouse, children, stepchildren, brothers and sisters. Any other relatives may be employed, subject to discussions and approval of the HR department, as long as they are not in the same department, as it might induce actual or perceived subjectivity in daily activities, raise conflict of interest or lead to undue influence in their operations.

In regard to the appointment of Relatives in the Bank, the MD&CEO/ Whole Time Directors and the



SMP, shall comply with the conditions as prescribed in the Code of Conduct for Employees.

Further, in regard to the appointment of a Related Party in the Bank, Board Member and SMP shall specifically comply with the provisions of the Companies Act, SEBI Regulations, Banking Regulations and such other applicable provisions of law. Further, approval of the Audit Committee/ Board/ Shareholders, as may be required, shall be availed. Appropriate disclosures shall also be made by the concerned appointee to the Human Resource Department.

**E] Payments or gifts from others:**

Under no circumstances shall any Director/ SMP accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. of the Bank, that is perceived and/or intended, directly or indirectly, to influence any business decision of the Bank, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.

**F] Corporate Opportunities:**

Directors/ SMPs shall not exploit for their own personal gain, opportunities that are discovered through the use of Bank property, information or position, unless the opportunity is first disclosed in writing to the Bank's Board of Directors and the Board approves to pursue such opportunity.

**G] Other situations:**

A Director/ SMP of the Bank 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/ SMP is found guilty of making any undue gain, he shall *inter alia* be liable to pay an amount equal to that gain to the Bank.

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Directors /SMP must consult the Bank's Chairman, Managing Director & CEO or the Compliance Officer.

**6. Proper use of Bank assets**

The Bank's assets should be used only for the legitimate business purposes of the Bank.

## **7. Articles of Association**

Directors/ SMP are expected to act in accordance with the Articles of Association of the Bank.

## **8. Compliance with Laws, Rules and Regulations**

Directors/ SMP are expected to comply, both in letter and in spirit, with all applicable laws, rules and regulations in the cities, states and countries in which the Bank operates.

## **9. Whistle Blower Policy**

The Whistle Blower Policy of the Bank (Vigil Mechanism) as available on the website of the Bank [www.idfcfirstbank.com](http://www.idfcfirstbank.com) shall be applicable to all the Directors/ SMP.

## **10. Securities Transactions and Confidential Information**

A Director/ SMP shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of any price sensitive information, not in public domain. A Director/ SMP shall comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable Securities Law, read with the Bank's Code of Conduct for prohibition of Insider Trading, as amended from time to time.

A Director/ SMP shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Bank on which such insider information has been obtained.

A Director/ SMP are expected to strictly adhere in both letter and spirit to the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 as may be amended from time to time. Accordingly, they are expected to refrain from intentionally publishing misleading information on digital media, front running, mis-selling of securities and services related to securities, mis-utilisation of client account and diversion of client funds, manipulating bench-mark price of securities, dealing in securities whilst in possession of UPSI or with an intent to manipulate price and volume of any securities.

## **11. Code for professional conduct for Independent Directors and Duties of Directors**

The Independent Directors shall additionally also be required to comply with the 'code for professional conduct for independent directors' in accordance with Section 149(8) read with Schedule

IV of the Companies Act, 2013, as amended from time to time. Guidelines applicable to Independent Directors are mentioned in **Annexure B**.

Further, the Board members shall comply with the provisions of Sections 166 of the Companies Act, 2013, which lays down the Duties of the Directors. The same are as per **Annexure C** to this Code.

## 12. Confidential Information

Directors/ SMP are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Bank's business, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might prejudice the ability of the Bank to pursue certain objectives, be of use to competitors, or harm the Bank, its suppliers or its advertisers, if disclosed e.g. information about Patents, R & D, Processes, Commercial dealings etc.

Confidential information also includes any information relating to the Bank's business and affairs that results in or would reasonably be expected to result in a significant change in the market value of the Bank's securities, or any information a reasonable investor would consider important in making an investment decision. Directors/ SMP must not use confidential information for their own advantage or profit directly or indirectly.

## 13. Violation of Code

It is the duty of each Board member and SMP to observe and help enforce this Code.

The Directors/ SMP should be alert to any possible violation to this Code and report this to the Compliance Officer, wherever required. Actual violations of law, this code, or other Bank's policies or procedures, as amended from time to time, should also be promptly reported to the Compliance Officer.

The Directors/ SMP must also cooperate in any internal or external investigations of possible violations.

Any violation of this Code by any Director/ SMP would be treated as a misconduct if the same is conscious and deliberate (not inadvertent) and the Board of Directors may decide an appropriate penal action (including such other action(s), as may be deemed necessary) for the same. The Board of Directors of the Bank may ratify an inadvertent non-compliance by any Board Member, if deemed appropriate and such ratification along with the reason, would be appropriately recorded.

The Board will take appropriate action against any Director/ SMP whose actions are found to violate the Code or any other policy of the Bank. Disciplinary actions may include immediate termination of employment at the Bank's sole discretion. Where the Bank has suggested a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Bank will cooperate fully with the appropriate authorities.

#### **14. Enforcement of Code of Conduct**

Directors and SMP shall be accountable for fully complying with this Code and shall give a disclosure to the Board on the annual basis to the effect that they have complied with the provisions of the Code. Any material violation of the Code that is reported/ noticed shall be placed before the Board.

#### **15. Certification of Compliance of Code of Conduct**

On appointment and each year as part of their annual confirmation, each Director and SMP should confirm over an e-mail/ sign the Code of Conduct as per format given in **Annexure A**, that they have received, read and understood the Code, and have not violated any of the provisions of the Code.

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

#### **16. No Rights Created**

This Code of Conduct is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and SMP of the Bank in the conduct of the Bank's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

#### **17. Stricter Code to Apply**

In case of MD & CEO/ Whole Time Directors and SMP, if any of the above mentioned clauses differ from other HR Policies of the Bank, the more stringent provision would apply.

#### **18. Amendment to the Code**

This Code is framed based on the provisions of the SEBI Listing Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions

of the SEBI Listing Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Code and the provisions in the Code would be modified in due course to make it consistent with law.

Any variation in the Code or any waivers from the provisions of the Code shall be approved by the Board of Directors of the Bank.

The Code shall be reviewed from time to time for any updation which may be required because of changes in law / regulations.

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**Annexure A**

The Board of Directors  
**IDFC FIRST Bank Limited**  
Naman Chambers,  
C - 32, G - Block, Bandra Kurla Complex, Bandra East,  
Mumbai - 400 051

Dear Sirs/Madam,

**Sub: Declaration confirming compliance with the Code of Conduct**

**Ref: Code of Conduct for Board of Directors and SMP**

I .....(name) .....(designation), having read and understood the Code of Conduct for Board of Directors and Senior Management Personnel, hereby solemnly affirm that, to the best of my knowledge and belief, I have complied with and has not violated any of the provisions of the Code during the year ended March 31, .....

Signature

Name

Designation

Employee Number (if any

Email ID

Mobile No

Place

Date

Note: Please sign and return this form to the Compliance Officer.

## Annexure B

### GUIDELINES APPLICABLE TO INDEPENDENT DIRECTORS

#### (Forming part of the Code of Conduct for Directors and Senior Management Personnel)

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;
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 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 Bank as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties:**

Roles and Duties of Independent Directors shall be as mentioned in the Companies Act, 2013, Listing Regulations and the Banking Regulations Act, 1949.

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;
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 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 three months 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 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;
  - 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.

## Duties of Directors

## Annexure C

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.