

Avanti Microfinance Private Limited

Code of Conduct

This Policy was:

Version	Drafted by	Reviewed by	Board approval date
Version 1	-	Mr. Manish Thakkar, Director	June 25, 2019
Version 2	Mr. Nagaraj Subrahmanya, Director	Mr. Manish Thakkar, Director	March 13, 2023
Version 3	Mr. Nagaraj Subrahmanya, Director	Mr. Manish Thakkar, Director	October 31, 2023
Version 4	Mr. Nagaraj Subrahmanya, Director	Mr. Manish Thakkar, Director	December 16, 2024
Version 5	Mr. Nagaraj Subrahmanya, Director	Mr. Manish Thakkar, Director	August 01, 2025

Document Classification: **Public**

CODE OF CONDUCT

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1 SCOPE AND PURPOSE OF THIS CODE

- 1.1 In this Code of Conduct Policy / Code of Business Ethics (“Code”), “we” or “us” or “our” means Avanti Microfinance Private Limited (“Company”), and includes our executive directors, officers, employees and those who work with us, as the context may require.
- 1.2 This Code sets out how we behave with:
 - (i) our employees, or those who work with us;
 - (ii) our customers;
 - (iii) the communities and the environment in which we operate;
 - (iv) our value-chain partners, including suppliers and service providers, distributors, sales representatives, contractors, channel partners, consultants, intermediaries and agents;
 - (v) our joint-venture partners or other business associates;
 - (vi) our financial stakeholders; and
 - (vii) the governments of the regions where we operate.
- 1.3 This Code sets out our expectations of all those who work with us. We also expect those who deal with us to be aware that this Code underpins everything we do, and in order to work with us they need to act in a manner consistent with this Code.
- 1.4 This Code of Conduct attempts to set forth the guiding principles and values on which the Company’s employees shall operate and conduct its business with its various stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. The Company recognizes that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success. The Code sets the standards to be adopted by all staff and outlines the duties of the directors of the Board in Annexure 2.
- 1.5 This Code applies to following activities undertaken by us:
 - (i) providing credit services to clients individually or in groups;
 - (ii) recovery of credit provided to clients;
 - (iii) collection of thrift from clients, where ever applicable;
 - (iv) providing insurance and pension services, remittance services or any other products and services permitted under applicable law, that will reduce vulnerability of our clients;
 - (v) formation of any type of community collectives including self-help groups, joint liability groups and their federations; and
 - (vi) business development services including marketing of products or services made or extended by the eligible clients or for any other purpose for the welfare and benefit of clients.

2 OUR CORE VALUES

- 2.1 The core values that underpin the way we conduct our business activities are:
 - 2.1.1 **INTEGRITY:** We are fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny. Our primary mission is to service financially excluded individuals and families by

providing them access to financial services, which are client focused, designed to enhance their well-being, and delivered in an ethical, dignified, transparent, equitable and cost-effective manner.

- 2.1.2 **QUALITY OF SERVICE:** We are committed to ensure quality services to our clients, appropriate to their needs and delivered efficiently in a convenient and timely manner. While doing so, we agree to maintain high standards of professionalism based on honesty, equality and dedication to serve the poor.
- 2.1.3 **TRANSPARENCY:** We shall provide our clients complete and accurate information and educate them about the terms of financial services offered by us such as interest rates and all other charges as well as our policies and procedures in a manner that is understandable by them.
- 2.1.4 **PIONEERING:** We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.
- 2.1.5 **PRIVACY OF CLIENT INFORMATION:** We will safeguard personal information of clients, only allowing disclosures and exchange of such information to others who are authorised to see it, with the knowledge and consent of clients.
- 2.1.6 **RESPONSIBILITY:** We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.
- 2.1.7
- 2.1.8 **RESPECT AND NON-DISCRIMINATION:** We are committed to treat everyone fairly and with respect and dignity. We recognize and value different skills, strengths, and perspectives of our diverse workforce. We believe that each employee makes a meaningful contribution in its success. We do not discriminate or restrict any applicants in the process of recruitment or employment or any employees on the basis of caste / creed / religion /national origin/political affiliation/ gender / race or ethnicity.
- 2.1.9 **FAIRNESS:** We are committed to fairness and objectivity in conducting our dealings with all stakeholders, including customers and employees. Justice and fairness is imbibed in our fabric to ensure procedural fairness, impartiality and consistency in our operations. We treat our employees fairly and ensure that our rewards and recognition policies are administered fairly. The rules of the Company related to the Code of Conduct / Code of Business Ethics shall apply uniformly to all of our employees.
- 2.1.10 **RESPONSIBILITY AND PROFESSIONALISM:** Our employees are expected to demonstrate highest levels of personal responsibility and professionalism in all dealings with stakeholders. The accountability is at individual level rather than collective. Our employees remain committed and enthusiastic to assume responsibility for actions for the organisation.

The staff shall maintain healthy competition within the Company and shall also focus on teamwork.

2.1.11 **COMPLIANCE:** Our staff remains compliant to all the applicable laws, rules, regulations, policies and this Code. We will strive to inculcate a compliance conscious culture within our staff to ensure compliance in all dealings with stakeholders.

2.1.12 **COMPASSION:** Compassion, sharing and kindness are values that we try to inculcate in our decision making. We shall inculcate compassion within our staff so as to empathize with the customers. We shall also remain compassionate towards our employees and shall remain committed to help our employees to tide over crisis to the extent possible. We shall continue to maintain a highly ethical work environment.

3 OUR CORE PRINCIPLES

3.1 We are committed to operating our businesses by conforming to the highest moral and ethical standards. We do not tolerate bribery or corruption in any form. This commitment underpins everything that we do.

3.2 We are committed to good corporate citizenship. We treat social development activities, which benefit the communities we operate in as an integral part of our business plan.

3.3 We seek to contribute to the economic development of the communities in regions we operate, with due respect to their culture, norms and heritage. We seek to avoid any project or activity that is detrimental to the wider interests of the communities in which we operate.

3.4 We shall not compromise safety in the pursuit of commercial advantage. We shall strive to provide a safe, healthy and clean working environment for our employees and all those who work with us.

3.5 When representing the Company, we shall act with professionalism, honesty and integrity, and conform to the highest moral and ethical standards. Our conduct shall be fair and transparent and be perceived as fair and transparent by third parties.

3.6 We shall respect the human rights and dignity of all our stakeholders.

3.7 We shall strive to balance the interests of our stakeholders, treating each of them fairly and avoiding unfair discrimination of any kind.

3.8 The statements that we make to our stakeholders shall be truthful and made in good faith.

3.9 We shall not engage in any restrictive or unfair trade practices.

- 3.10 We shall provide avenues for our stakeholders to raise concerns or queries in good faith, or report instances of actual or perceived violations of our Code.
- 3.11 We shall strive to create an environment free from fear of retribution to deal with concerns that are raised, or cases reported in good faith. No one shall be punished or made to suffer for raising concerns or making disclosures in good faith or in the public interest.
- 3.12 We expect the leaders of our businesses to demonstrate their commitment to the ethical standards set out in this Code through their own behavior and by establishing appropriate processes.
- 3.13 We shall comply with the laws of the countries in which we operate and any other laws which apply to us. With regard to those provisions of the Code that are explicitly dealt with under an applicable law or employment terms, the law and those terms shall take precedence. In the event that the standards prescribed under any applicable law are lower than that of the Code, we shall conduct ourselves as per the provisions of the Code.
- 3.14 We shall adhere to the Fair Practices Code as mandated by the Reserve Bank of India for NBFCs, ensuring fair and transparent lending practices.

4 OUR EMPLOYEES

- 4.1 Employee behaviour:
- 4.1.1 In official as well as personal capacity, employees at no times should indulge in any action/ behaviour that is:
- violation of any law, illegal or immoral; or
 - indicative of personal indiscretion; or
 - socially unacceptable; or
 - not in line with the organization's objectives.
- 4.1.2 Employees are expected to ensure that their conduct at all times is such that the Company's reputation is upheld and not compromised.
- 4.1.3 We are committed to providing a work environment that fosters cooperation, professionalism and teamwork among co-workers. We require that every employee will respect the rights and dignity of all employees without any prejudice to any race, colour, religion, national origin, sex, disability or other characteristics protected by law.
- 4.1.4 We expect our employees to have an exemplary behaviour and not indulge in any misconduct. Misconduct shall mean any act or omission or commission whether specified herein or otherwise, whether amounting to substantive act, abetment or connivance, committed within or outside the premises of the establishment or any act or omission which is, in any manner detrimental to the interest of the business or discipline or reputation or prestige of the Company and the establishment, whether

committed within or outside the premises of the establishment. An indicative list of types of misconducts has been covered in Annexure 1.

- 4.1.5 Depending on the severity of the misconducts, suitable disciplinary action would be taken against the erring employee.

4.2 Equal opportunity employer

- 4.2.1 We provide equal opportunities to all our employees and to all eligible applicants for employment in our Company. We do not unfairly discriminate on any ground, including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law.
- 4.2.2 When recruiting, developing and promoting our employees, our decisions will be based solely on performance, merit, competence and potential.
- 4.2.3 We shall have fair, transparent and clear employee policies which promote diversity and equality, in accordance with applicable law and other provisions of this Code. These policies shall provide for clear terms of employment, training, development and performance management.

4.3 Dignity and respect

- 4.3.1 Our leaders shall be responsible for creating a conducive work environment built on tolerance, understanding, mutual cooperation and respect for individual privacy.
- 4.3.2 Everyone in our work environment must be treated with dignity and respect. We do not tolerate any form of harassment, whether sexual, physical, verbal or psychological.
- 4.3.3 We have clear and fair disciplinary procedures, which necessarily include an employee's right to be heard.
- 4.3.4 We respect our employees' right to privacy. We have no concern with their conduct outside our work environment, unless such conduct impairs their work performance, creates conflicts of interest or adversely affects our reputation or business interests.

4.4 Collection, Use and Disclosure of personal information of Employees

- 4.4.1 Purpose of collection: In the course of conducting our business and complying with various applicable law relating to employment, tax, insurance, etc., we collect certain personal information from our Employees ("**Employee Personal Information**"). The nature of the Employee Personal Information collected varies for each employee and depends upon employee's responsibilities, citizenship, work location, and other factors. The purpose of collecting and using Employee Personal

Information is limited to the business purposes, including those related directly to employee's employment with the Company, and any other such requirement as per applicable law. We will not retain Employee Personal Information for longer than is required for the purpose herein.

4.4.2 Types of information collected: Employee Personal Information includes, without limitation, the following:

- Name
- Phone numbers
- Email address
- Mailing addresses
- Banking and other financial data
- Date of birth
- Gender, race, and ethnicity
- Health and disability data

4.4.3 Usage: The primary purposes for collection, storage and/or use of your Personal Information include, but are not limited to:

- Human Resources Management. We collect, store, analyze, and may share (internally) Employee Personal Information in order to attract, retain and motivate a highly qualified workforce. This includes recruiting, compensation planning, succession planning, reorganization needs, performance assessment, training, employee benefit administration, compliance with applicable legal requirements, and communication with employees and/or their representatives.
- Business Processes and Management. Employee Personal Information is used to run our business operations including, for example, scheduling work assignments, managing company assets, reporting and/releasing public data (e.g., Annual Reports, etc.); and populating employee directories.
- Safety and Security Management. We use such Employee Personal Information as appropriate to ensure the safety and protection of employees, assets, resources, and communities.
- Communication and Identification. We use Employee Personal Information to identify you and to communicate with the employees.

4.4.4 Disclosure: We strive to protect Employee Personal Information and ensure that unauthorized individuals do not have access to such information by using adequate security measures. We will not knowingly disclose, sell or otherwise distribute Employee Personal Information to any third party without the relevant employee's knowledge and, where appropriate, your express written permission, except under the following circumstances:

- Legal requests and investigations. We may disclose Employee Personal Information when such disclosure is reasonably necessary (i) to prevent fraud; (ii) to comply with any applicable law; or (iii) to comply with an order by a competent court.

- Third-party vendors and service providers. We may, from time to time, outsource services, functions, or operations of our business to third-party service providers. When engaging in such outsourcing, it may be necessary for us to disclose Employee Personal Information to those service providers (for example, payroll service providers). In some cases, the service providers may collect Employee Personal Information directly from the employee on our behalf. Our relationship with such service providers will be governed by such commercial, operational and other terms as negotiated under valid contract.
- Business Transfers: During the term of employment, we may buy other companies, create new subsidiaries or business units or sell part or all of our assets. It is likely that, as part of such process, some or all of Employee Personal Information will be transferred to another company as part of any such the transaction.
- Reserved Matters. We may release Employee Personal Information when we believe release is necessary to comply with the law; enforce or apply our policies and other agreements; or protect the rights, property, or safety of Company, our employees, or others. This disclosure will never, however, include selling, renting, sharing or otherwise disclosing Employee Personal Information for commercial purposes in violation of the commitments set forth in this Code.

4.4.5 Security Practices

- We employ commercially reasonable physical, managerial, and technical safeguards to preserve the integrity and security of Employee Personal Information. These include internal reviews of our collection, storage and processing practices and security measures, such as appropriate encryption and physical security measures to guard against unauthorized access to systems where we store such information.
- Only authorized employees have access to Employee Personal Information.
- Paper and other hard copy containing Employee Personal Information (or any other confidential information) is secured in a locked location when not in use.
- Computers and other access points should be secured when not in use by logging out or locking. Passwords should be guarded and not shared.
- Electronic files containing Employee Personal Information should only be stored on secure computers and not copied or otherwise shared with unauthorized individuals within or outside of Company.
- All Employee Personal Information shall be maintained by Company for such time period as may be required as per applicable law.

4.4.6 The Employees, as and when requested by them, may review the information provided and ensure that the Employee Personal Information found to be inaccurate or deficient is correct or amended as feasible.

4.5 Human rights

4.5.1 We do not employ children at our workplaces.

4.5.2 We do not use forced labour in any form. We do not confiscate personal documents of our employees or force them to make any payment to us or to anyone else in order to secure employment with us, or to work with us.

4.6 Bribery and corruption

4.6.1 Our employees and those representing us including agents and intermediaries shall not, directly or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favours for the conduct of our business.

4.7 Gifts and hospitality

4.7.1 Business gifts and hospitality are sometimes used in the normal course of business activity. However, if offers of gifts or hospitality (including entertainment or travel) are frequent or of substantial value, they may create the perception of, or an actual conflict of interest or an 'illicit payment'. Therefore, gifts and hospitality given or received should be modest in value and appropriate, and in compliance with our Company's gifts and hospitality policy.

4.7.2 As a general rule, we can accept gifts or hospitality from a business associate, only if such a gift:

- (a) has modest value and does not create a perception (or an implied obligation) that the giver is entitled to preferential treatment of any kind;
- (b) would not influence, or appear to influence, our ability to act in the best interest of our Company; and/ or
- (c) would not embarrass our Company or the giver if disclosed publicly.

4.7.3 The following gifts are never appropriate and should never be given or accepted:

- (d) gifts of cash or gold or other precious metals, gems or stones;
- (e) gifts that are prohibited under applicable law;

- (f) gifts in the nature of a bribe, payoff, kickback or facilitation payment*;
- (g) gifts that are prohibited by the gift giver's or recipient's organization; and
- (h) gifts in the form of services or other non-cash benefits (e.g. a promise of employment).

(*Facilitation payment is a payment made to secure or speed up routine legal government actions, such as issuing permits or releasing goods held in customs.)

4.8 Freedom of association

- 4.8.1 We recognise that employees may be interested in joining associations or involving themselves in civic or public affairs in their personal capacities, provided such activities do not create an actual or potential conflict with the interests of our Company. Our employees must notify and seek prior approval for any such activity as per the 'Conflicts of Interest' clause of this Code and in accordance with applicable Company policies and law.

4.9 Working outside employment with us

- 4.9.1 Taking employment, accepting a position of responsibility or running a business outside employment with our Company, in your own time, with or without remuneration, could interfere with your ability to work effectively at our Company or create conflicts of interest. Any such activity must not be with any customer, supplier, distributor or competitor of our Company. Our employees must notify and seek prior approval for any such activity as per the 'Conflicts of Interest' clause of this Code and in accordance with applicable Company policies and law.

4.10 Integrity of information and assets

- 4.10.1 Our employees shall not make any willful omissions or material misrepresentation that would compromise the integrity of our records, internal or external communications and reports, including the financial statements.
- 4.10.2 Our employees and directors shall seek proper authorization prior to disclosing Company or business-related information, and such disclosures shall be made in accordance with our Company's media and communication policy. This includes disclosures through any forum or media, including through social media.
- 4.10.3 Our employees shall ensure the integrity of personal data or information provided by them to our Company. We shall safeguard the privacy of all such data or information given to us in accordance with applicable Company policies or law.

- 4.10.4 Our employees shall respect and protect all confidential information and intellectual property of our Company.
- 4.10.5 Our employees shall safeguard the confidentiality of all third party intellectual property and data. Our employees shall not misuse such intellectual property and data that comes into their possession and shall not share it with anyone, except in accordance with applicable Company policies or law.
- 4.10.6 Our employees shall promptly report the loss, theft or destruction of any confidential information or intellectual property and data of our Company or that of any third party.
- 4.10.7 Our employees shall use all Company assets, tangible and intangible, including computer and communication equipment for the purpose for which they are provided and in order to conduct our business. Such assets shall not be misused. We shall establish processes to minimize the risk of fraud, and misappropriation or misuse of our assets.
- 4.10.8 We shall comply with all applicable anti-money laundering, anti-fraud and anti-corruption laws and we shall establish processes to check for and prevent any breaches of such laws.
- 4.11 Insider Trading
 - 4.11.1 Our employees must not indulge in any form of insider trading nor assist others, including immediate family, friends or business associates, to derive any benefit from access to and possession of price sensitive information that is not in the public domain. Such information would include information about our Company, our clients and our suppliers.
- 4.12 Prohibited drugs and substances
 - 4.12.1 Use of prohibited drugs and substances creates genuine safety and other risks at our workplaces. We do not tolerate prohibited drugs and substances from being possessed, consumed or distributed at our workplaces, or in the course of Company duties.
- 4.13 Conflict of interest
 - 4.13.1 Our employees and executive directors shall always act in the interest of our Company and ensure that any business or personal association including close personal relationships which they may have, does not create a conflict of interest with their roles and duties in our Company or the operations of our Company. Further, our employees and executive directors shall not engage in any business, relationship or activity, which might conflict with the interest of our Company.

- 4.13.2 Should any actual or potential conflict of interest arise, the concerned person must immediately report such conflicts and seek approvals as required by applicable law and Company policy. The competent authority shall revert to the employee within a reasonable time as defined in our Company's policy, so as to enable the concerned employee to take necessary action as advised to resolve or avoid the conflict in an expeditious manner.
- 4.13.3 In the case of all employees other than executive directors, the Chief Executive Officer / Managing Director shall be the competent authority, who in turn shall report such cases to the Board of Directors on a quarterly basis. In case of the Chief Executive Officer / Managing Director and executive directors, the Board of Directors of our Company shall be the competent authority.
- 4.13.4 Notwithstanding such or any other instance of conflict of interest that exists due to historical reasons, adequate and full disclosure by interested employees shall be made to our Company's management. At the time of appointment in our Company, our employees and executive directors shall make full disclosure to the competent authority, of any interest leading to an actual or potential conflict that such persons or their immediate family (including parents, siblings, spouse, partner, children) or persons with whom they enjoy close personal relationships, may have in a family business or a company or firm that is a competitor, supplier, customer or distributor of, or has other business dealings with, our Company.

4.14 Examples of Potential Conflict of Interest

- 4.14.1 A conflict of interest, actual or potential, arises where, directly or indirectly, an employee or executive director:
- (i) engages in a business, activity or relationship with anyone who is party to a transaction with our Company;
 - (ii) is in a position to derive an improper benefit, personally or for any family member or for any person in a close personal relationship, by making or influencing decisions relating to any transaction;
 - (iii) conducts business on behalf of our Company or is in a position to influence a decision with regard to our Company's business with a supplier or customer where a relative of, or a person in close personal relationship with, an employee or executive director is a principal officer or representative, resulting in a personal benefit or a benefit to the relative;
 - (iv) is in a position to influence decisions with regard to award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative or a person in close personal relationship employed in our Company;
 - (v) undertakes an activity by which the interest of our Company can be compromised or defeated; or
 - (vi) does anything by which an independent judgement of our Company's best interest cannot be exercised.

- 4.14.2 A conflict of interest could be any known activity, transaction, relationship or service engaged in by an employee, his/her immediate family (including parents, siblings, spouse, partner, and children), relatives or a close personal relationship, which may cause concern (based upon an objective determination) that the employee could not or might not be able to fairly perform his/her duties to our Company.
- 4.14.3 If there is a failure to make the required disclosure and our management becomes aware of an instance of conflict of interest that ought to have been disclosed by an employee or executive director, our management shall take a serious view of the matter and consider suitable disciplinary action as per the terms of employment. In all such matters, we shall follow clear and fair disciplinary procedures, respecting the employee's right to be heard.
- 4.14.4 Acceptance of a position of responsibility (whether for remuneration or otherwise) in the following cases would typically be permitted, provided the time commitments these demands do not disturb or distract from the employee's primary duties and responsibilities in our Company, and are promptly disclosed to the relevant competent authority:
- (i) directorships on the Boards of any of our joint ventures or associate companies;
 - (ii) memberships/positions of responsibility in educational/professional bodies, where such association will promote the interests of our Company; or
 - (iii) memberships or participation in government committees/bodies or organizations.

5 OUR CLIENTS AND CUSTOMERS

- 5.1 Transparency: To ensure that the Company maintains transparency in its operations and communications vis-à-vis its clients, Company will adhere to the following in addition to the requirements as set out under the Interest Rate Policy of the Company which may be accessed at <insert link>:
- (i) disclose to clients all the terms and conditions (including changes if any) of our financial services offered in the language understood by the client;
 - (ii) provide loan sanction letter or any other document clearly indicating the rate of interest, mode of charging interest, levy of any other charges, terms of repayment to the client against his/her acknowledgement;
 - (iii) provide information to clients on the rate of interest offered on the thrift services, wherever applicable;
 - (iv) provide information to clients related to the premium and other fees being charged on insurance services;
 - (v) provide a valid receipt for every payment received from the borrower;
 - (vi) provide periodical statements of their accounts by means of a passbook or any other mechanism to the clients; and
 - (vii) all the above disclosures to the client may be made digitally.

- 5.2 Client Protection: In protecting the interest of the clients/borrowers, the Company is committed to following fair practices built on dignity, respect, fair treatment, persuasion and courtesy to clients. We shall adhere to the digital lending guidelines issued by the Reserve Bank of India, including providing necessary information to borrowers before the execution of the contract.
- 5.3 Avoiding over-indebtedness: Company will take reasonable steps to ensure that credit services are based on the need and repayment capacity of the client and that this service will not put the client / borrowers at significant risk of over-indebtedness. Accordingly, the Company will:
- (i) undertake appropriate interaction and collection practices;
 - (ii) interact with the clients in an acceptable language and dignified manner and spare no efforts in fostering clients' confidence and long-term relationship;
 - (iii) have a clearly defined and phased procedure in case of client default;
 - (iv) maintain decency and decorum during the visit to the clients' place for collection of dues;
 - (v) avoid inappropriate occasions such as bereavement in the family or such other calamitous occasions for making calls/visits to collect dues; and
 - (vi) avoid any demeanor that would suggest any kind of threat or violence.
- 5.4 Privacy of client information: Company is committed to keep personal client information strictly confidential except in the following circumstances:
- (i) client has been informed about such disclosure and permission has been obtained;
 - (ii) it is legally required to do so;
 - (iii) the party in question has been authorized by the client; or
 - (iv) this practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau).
- 5.5 Requirement of client facing staff: All client facing staff shall have a minimum qualification of Grade 12. The Company shall also provide necessary training tools to deal with the customers. Training of the staff shall include programs to inculcate appropriate behavior towards customers

6 ENGAGEMENT OF STAKEHOLDERS: IDENTIFICATION AND PRIORITIZATION

- 6.1 The Company integrates stakeholder engagement within its governance, strategies, and operational plans. The stakeholders include those:
- (i) who are directly or indirectly dependent on Companies activities, products or services and associated performance, or on whom Company is dependent in order to operate; or
 - (ii) to whom Company has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities; or
 - (iii) who can influence or have impact on Companies strategic or operational decision-making.

Stakeholders are further prioritized according to either the relevance of the stakeholders to the core business of the Company, or because the Company's impact is high on a particular stakeholder for, e.g., supporting the economical or cultural growth.

6.2 Accordingly, the engagement process includes -

- (i) Identification of Purpose, Scope, Ownership and Mandate
 - (ii) Profiling and prioritization of stakeholders
 - (iii) Settling of Engagement Levels and methods
 - (iv) Definition and Communication of Boundaries of disclosure
 - (v) Drawing up an Engagement Plan
 - (vi) Choosing Indicators for measuring engagement activities
 - (vii) Identification and Mitigation of Engagement risks - through inviting, informing, and briefing the stakeholders
 - (viii) Evaluation of stakeholder capacity
 - (ix) Carefully listening to the stakeholders during the engagement
 - (x) Documenting the engagement
 - (xi) Enhancing our engagement activities, review the outcomes of the engagement and report on engagement results.
- (a) Given the social and economic context of the customers/borrowers, such engagements are generally through Gram or Sabha-level meetings, informal interactions instead of formal sample surveys.
- (b) Company engages with employees and partners by way of training seminars held by the Company to maintain consistent upliftment of the quality of the services. Further, from time to time departmental meetings or project based discussions are held to ensure effective coordination and collaboration at different verticals of the Company.
- (c) Company's interactions with non-profit organizations are mostly project based to harness the rich experience of such organization in their assessment of local needs and also in order to take feedback and design products for their suitable needs.
- (d) Detailed information of the Company including quarterly reports, annual reports or upon request are promptly shared with the investors of the Company. Further, investor meetings are scheduled from time to time for better communication about Company's growth and business plans.

6.3 To have a systematic approach with all stakeholders, we classify our stakeholders into the following categories:

- (i) Customers / Borrowers
- (ii) Employees
- (iii) Partners
- (iv) Investors

- (v) Non-Profit Organizations
- (vi) Regulatory bodies
- (vii) Communities we operate in (including vulnerable communities such as indigenous tribal communities, below poverty line communities or other marginalized communities)
- (viii) Media

6.4 The stakeholder identification process is based on the following phases:

- (i) Analysis of business processes.
- (ii) For each process, identification of all interested, and impacted groups.
- (iii) Grouping stakeholders in homogenous categories (according to relevance to the company or to the stake they hold)
- (iv) Identification of priority groups within each category.

6.5 Company engages with the stakeholders in the following ways :

- (i) Digital Enhancements;
- (ii) Seek periodic advise through questionnaire;
- (iii) Discussion on process problems and setbacks.

7 OUR COMMUNITIES AND THE ENVIRONMENT

7.1 Communities: We are committed to good corporate citizenship and shall actively assist in the improvement of the quality of life of the people in the communities in which we operate.

7.1.1 We engage with the community and other stakeholders to minimize any adverse impact that our business operations may have on the local community and the environment.

7.1.2 We encourage our workforce to volunteer on projects that benefit the communities in which we operate, provided the principles of this Code, where applicable, and in particular the 'Conflicts of Interest' clause is followed.

7.2 The environment: In the production and sale of our products and services, we strive for environmental sustainability and comply with all applicable laws and regulations.

7.2.1 We seek to prevent the wasteful use of natural resources and are committed to improving the environment, particularly with regard to the emission of greenhouse gases, consumption of water and energy, and the management of waste and hazardous materials. We shall endeavor to offset the effect of climate change in our activities.

8 OUR VALUE-CHAIN PARTNERS

- 8.1 We shall select our suppliers and service providers fairly and transparently.
- 8.2 We seek to work with suppliers and service providers who can demonstrate that they share similar values. We expect them to adopt ethical standards comparable to our own.
- 8.3 Our suppliers and service providers shall represent our Company only with duly authorized written permission from our Company. They are expected to abide by the Code in their interactions with, and on behalf of us, including respecting the confidentiality of information shared with them.
- 8.4 We shall ensure that any gifts or hospitality received from, or given to, our suppliers or service providers comply with our Company's gifts and hospitality policy.
- 8.5 We respect our obligations on the use of third-party intellectual property and data.

9 OUR FINANCIAL STAKEHOLDERS

- 9.1 We are committed to enhancing shareholder value and complying with laws and regulations that govern shareholder rights.
- 9.2 We shall inform our financial stakeholders about relevant aspects of our business in a fair, accurate and timely manner and shall disclose such information in accordance with applicable law and agreements.
- 9.3 We shall keep accurate records of our activities and shall adhere to disclosure standards in accordance with applicable law and industry standards.

10 GOVERNMENTS

- 10.1 Political non-alignment: We shall act in accordance with the constitution and governance systems of the regions/countries where we operate. We do not seek to influence the outcome of public elections, nor to undermine or alter any system of government. We do not support any specific political party or candidate for political office. Towards this end:
 - 10.1.1 Our conduct must preclude any activity that could be interpreted as mutual dependence/favour with any political body or person, and we do not offer or give any Company funds or property or other resources as donations to any specific political party, candidate or campaign.
 - 10.1.2 Any financial contributions considered by our Board of Directors in order to strengthen democratic forces through a clean electoral process shall be extended only through the Progressive Electoral Trust in India, or by a similar transparent, duly-authorized, nondiscriminatory and non-discretionary vehicle outside India.
- 10.2 Government engagement: We conduct our interactions with them in a manner consistent with our Code.

10.2.1 We engage with the government and regulators in a constructive manner in order to promote good governance.

10.2.2 We do not impede, obstruct or improperly influence the conclusions of, or affect the integrity or availability of data or documents for any government review or investigation.

10.2.3 We conduct our interactions with them in a manner consistent with our Code. We shall cooperate fully with regulatory bodies, including the Reserve Bank of India, in their supervisory and inspection processes.

11 RAISING CONCERNS

11.1 We encourage our employees, customers, suppliers and other stakeholders to raise concerns or make disclosures when they become aware of any actual or potential violation of our Code, policies or law. We also encourage reporting of any event (actual or potential) of misconduct that is not reflective of our values and principles.

11.2 Avenues available for raising concerns or queries or reporting cases could include:

- (i) immediate line manager or the Human Resources department of our Company;
- (ii) designated ethics officials of our Company;
- (iii) the 'confidential reporting' third party ethics helpline (if available); or
- (iv) any other reporting channel set out in our Company's 'Whistleblower' policy.

11.3 We do not tolerate any form of retaliation against anyone reporting legitimate concerns. Anyone involved in targeting such a person will be subject to disciplinary action.

11.4 If you suspect that you or someone you know has been subjected to retaliation for raising a concern or for reporting a case, we encourage you to promptly contact your line manager, the Company's Ethics Counsellor, the Human Resources department or the MD/CEO.

11.5 We have mechanism for disciplinary actions and procedures at three levels viz. the Supervisory Committee, administered and complied at the consolidated group level by Avanti Finance Private Limited, the holding company at the Board level, the Disciplinary Committee, administered and complied at the consolidated group level by Avanti Finance Private Limited, the holding company at regional level and a forum of the respective department and HR function and immediate supervisor/skip level supervisor at department level. Depending on the severity of the violation, the forum shall be decided. The indicative list of misbehaviour or violations has been covered in Annexure 1.

11.5.1 Supervisory Committee

The Committee shall consist of the Board of Directors of the Company and the

Head of Departments/Business, as required. The CEO of the Company shall chair the Committee meetings. This Committee shall review the irregularities in high risk areas, fraudulent irregularities, gross violations of the Code, the disciplinary action taken in that regard and staff accountability matters if such violations have perpetrated or could have perpetrated into frauds.

11.5.2 Disciplinary Committee

The Disciplinary Committee shall consist of the designated HR Head and Business Manager(s). This Committee shall meet to review all the cases which classify as irregularities in high risk areas, fraudulent irregularities or gross violations of the Code. This Committee may take appropriate disciplinary measures as elaborated in this Code as deemed fit considering the type and impact of the misbehaviour of the employee.

11.5.3 Immediate supervisor/ skip level supervisor

With respect to habitual irregularities of minor misconducts, the immediate supervisor may give an oral warning if it is the first or the second instance of misbehaviour. If the misbehaviour is repeated for the third time, then the skip level supervisor shall give an oral warning. Beyond three instances of misbehaviour, the skip level supervisor shall intimate the designated HR head and recommend the issue of a warning in writing to the erring employee.

- 11.6 In the interim, till the Company is in experiment mode - the board will determine / delegate to the CEO the set-up of a governance structure to define culture across the Company in the manner of conduct of employee behaviour with any of the stakeholders.

12 DISCIPLINARY PROCEDURE

- 12.1 The primary objective of the disciplinary procedure is to make employees aware of the instance/s of apparent and reported breach of the Code/ misconduct on their part and to afford such employees with an opportunity of making submission against such reported instance/s including improving their attendance, work performance or amending/ rectifying their conduct as the case may be, should they fall below the standards expected by the Company. The Company will follow the below procedures for dealing with misconducts:
- 12.2 In the cases of minor misconducts oral warning will be given to the concerned employee by the immediate supervisor/skip level supervisor, which has to be documented by way of email to the designated HR head. With respect to habitual irregularities of minor misconducts, the immediate supervisor may give an oral warning if it is the first or the second instance of misbehaviour. If the misbehaviour is repeated for the third time, then the skip level supervisor shall give an oral warning. Beyond three instances of misbehaviour, the designated HR head shall issue warning in writing to the employee.
- 12.3 All complaints and proceedings with respect to irregularities in high risk areas,

fraudulent irregularities or gross violations of the Code, in the region shall be addressed to and led by the designated Regional HR Manager for regions and designated Head - HR for Corporate Office. The HR in turn will convene the Disciplinary Committee for enquiry proceedings.

- 12.4 The Disciplinary Committee will consist of the Regional HR Manager and Regional Business Managers. The Committee shall have atleast 3 members and may be called upon as and when required. If the necessary quorum of 3 members is not available within the same region, the Head of Human Resources (HR) would appoint a suitable member from other locations, with similar responsibility.
- 12.5 An employee who is alleged to have committed an act of misconduct (other than minor misconduct) shall be given a show cause in writing by the designated HR head or such other officer/s who are so authorized by the management, calling for a written explanation within the specified time duration (minimum of 24 hours and not more than 7 working days, except if the employee requests for more time, in such a case the time can be extended to another 7 working days) from the time of receipt of the show cause.
- 12.6 The employee shall submit his explanation in writing accepting the guilt or refuting the allegations made against him in the charge-sheet within the stipulated time. The management shall consider the explanation submitted by the employee, and if the explanation is found to be not satisfactory, a domestic enquiry may be conducted. If for any reason, it is not possible to conduct the domestic enquiry, the management may straightaway proceed to take necessary disciplinary actions based on the available materials.
- 12.7 No domestic enquiry shall be necessary:
 - 12.7.1 if any employee has been convicted of a criminal offence by a court of law.
 - 12.7.2 where the management is satisfied for the reasons to be recorded in writing that it is not practicable to hold an enquiry in the manner provided in the service rules.
 - 12.7.3 where the management is satisfied that in the interest of the security of the establishment, it is not expedient to hold an enquiry in the manner provided in these service rules.
 - 12.7.4 where the charges are admitted by the employee.
- 12.8 The Disciplinary Committee shall appoint an enquiry officer from amongst the members of the committee or any outsider who is not a witness to the charges alleged against the employee. The employee will be communicated in writing the date, time and the place where the enquiry is to be conducted. The employee shall be given full opportunity to answer the charges and permitted to be defended by a co-employee working in the same unit in which he is detailed to work, except employees who are accused of the misconduct or against whom an enquiry is pending. No other employee or outsider shall be permitted to assist, defend or represent the employee in the domestic enquiry.
 - 12.8.1 The enquiry officer shall submit his report to the Disciplinary Committee.
 - 12.8.2 If after the enquiry, the employee is adjudged guilty and punished, he shall

be deemed to have been absent from duty during the period of suspension and he shall not be entitled to any salary. However, subsistence allowance paid during the period of suspension shall not be reclaimed.

- 12.8.3 If the employee is held not guilty, the order of suspension shall be withdrawn, if the employee is under suspension and the employee shall be deemed to have been on duty during the period of suspension and shall be paid salary as if he had not been placed under suspension after deducting the amount of subsistence allowance paid to him for such period.
- 12.9 Where for the order of dismissal, permission is required to be obtained from any authority/court/tribunal under law, the employee concerned shall be under suspension until orders are passed by the aforesaid authorities.
- 12.10 If during the enquiry, it is found that the employee is guilty of an act of omission or commission other than that stated in the show cause, and that act of omission or commission is an offence / misconduct, the management, at its discretion may, instead of issuing a fresh show cause, amend the original show cause accordingly, and the employee shall be given further opportunity for explaining and defending himself against the amended charge. Even in such cases, if the management feels that a fresh show cause should be issued, it shall be open to the management to do so.
- 12.11 In awarding punishment, the management shall take into account the gravity of the misconduct, previous record of the employee and any other extenuating or aggravating circumstances that may exist. The disciplinary action shall be communicated in writing to the employee concerned.
- 12.12 **Corrective Action**

Any violation of this Code is subject to corrective action up to and including termination of employment. The Company may prefer civil or criminal action against errant employees. Such actions may include penalties as deemed appropriate considering the nature of violation and its implications on the Company. These actions could be – Cautionary Action in the form of fines, Deterrent Action in the form of warning letters and Capital Action in the form of suspension or termination of the employee.

13 ACCOUNTABILITY

- 13.1 This Code is more than a set of prescriptive guidelines issued solely for the purpose of formal compliance. It represents our collective commitment to our value system and to our core principles.
- 13.2 Every person employed by us, directly or indirectly, should expect to be held accountable for his/her behavior. Should such behavior violate this Code, they may be subject to action according to their employment terms and relevant Company policies.
- 13.3 When followed in letter and in spirit, this Code is 'lived' by our employees as well

as those who work with us. It represents our shared responsibility to all our stakeholders, and our mutual commitment to each other.

14 NOTE

- 14.1 The Code does not provide a comprehensive and complete explanation of all expectations from a Company standpoint or obligations from a stakeholder standpoint.
- 14.2 Our employees have a continuing obligation to familiarize themselves with all applicable law, Company-level policies, procedures and work rules as relevant. For any guidance on interpretation of the Code, we may seek support from our Company's Ethics Counsellor.
- 14.3 For any query or clarification on the Code, please contact the office of the Company's Chief Ethics Officer via email at:

Sunil.kumar.t@avantifinance.in
- 14.4 For further information on the Code please contact at the below mentioned email:
The Ethics Office,
Email: Sunil.kumar.t@avantifinance.in

Annexure 1 – List of Misconducts

Sr No.	Type of irregularity/ misconduct	Instances
1.	Minor misconduct	<ul style="list-style-type: none"> • Unpunctual or irregular attendance, leaving workplace without permission, habitual or prolonged absence without leave • Negligence or failure in preserving records or documents • Indecent/ discourteous behaviour with other employees or customers • Misbehaviour during enquiry into acts of misconduct • Obtaining or attempting to obtain leave of absence by false pretence or abuse of leave facility
2.	Gross violations of the Code	<ul style="list-style-type: none"> • Wilful insubordination or disobedience, whether alone or in combination with others to any of lawful and reasonable order or orders of superiors • Giving false statement regarding name, age, father's name, qualification or previous service or any such personal details • Obtaining employment by concealing antecedents, which if disclosed would have resulted in the employee not getting employment in the company
3.	Fraudulent irregularities	<ul style="list-style-type: none"> • Theft, fraud or misappropriation of company's funds, dishonesty in connection with employer's business or property • Demanding, taking offering or giving bribes or any illegal gratification • Indecent/ discourteous behaviour with other employees or customers • Embezzlement, misappropriation or mischief in connection with the establishment's business or property
4.	Irregularities in high risk areas	<ul style="list-style-type: none"> • Tampering with any records, evidence, threatening the witness • Failure to act in spite of having knowledge of wrongful practices being followed. • Failure to take corrective steps/ escalate wrongful practices to higher authorities

The above is not an exhaustive list of misconducts and includes only the major misconducts.

Annexure 2 – Duties of directors

The duties of directors as per Section 166 of the Companies Act, 2013:

1. Subject to the provisions of the Companies Act 2013, 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 Annexure 2 such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

The duties of independent directors as per Schedule IV of the Companies Act, 2013:

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 / Code of Business Ethics;
12. acting within his 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.