CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Approver	**Board of Directors**
Document Owner	**Secretarial Department**
Version	**2.0**

CONTENTS

INTRODUCTION

Corporate governance is essentially a set of standards, systems, and procedures aimed at effective, honest, transparent and responsible management of a company within the applicable statutory and regulatory structures. This Code of Conduct (hereinafter referred to as "the Code") represents a set of desirable, corporate governance practices to be adopted by the Bank. This Code of Conduct has been framed and adopted by ESAF Small Finance Bank Limited (hereinafter referred to as "Bank") in compliance with Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025, Banking Regulation Act, 1949 and other guidelines under the Companies Act, 2013. Further, Regulation 46(2)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") requires every listed company to publish a code of conduct for its board of directors and senior management personnel on its website.

The efficacy of the Code lies in how well it is put into practice. In adopting the Code, the stress should be on its substance and spirit rather than on its form. This Code is not exhaustive to cover each and every issue or situation that may arise or occur, but would guide where the decisions are to be taken on ethical lines.

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

APPLICABILITY

This Code applies to:

(i) Directors (Executive and Non-Executive), in relation to their fiduciary, governance and oversight responsibilities; and
(ii) Senior Management Personnel (officers and personnel of the Bank who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Bank), in relation to their executive, operational and leadership responsibilities in managing the affairs of the Bank.

GENERAL STANDARDS OF CONDUCT

The Bank expects all Directors and Senior Management to exercise good judgement, to ensure the interests, safety and welfare of customers, employees, and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organisation. The Directors and Senior Management must act honestly and with due diligence while discharging duties of their office. They are expected to act with that amount of utmost care and prudence, which an ordinary person is expected to take in his / her own business. These standards need to be applied while working in the premises of the Bank, at offsite locations where the business is being conducted whether in India or abroad, at Bank sponsored business and social events, or at any other place where they act as representatives of the Bank.

BOARD OF DIRECTORS

The primary responsibility for good corporate governance of the Bank rests with its Board of Directors. The shareholders have entrusted the Board with the responsibility of overall direction, supervision and control of the Bank. The Board's fiduciary responsibility to the shareholders requires that the Board should act in their shared corporate interest, in good faith, and with due diligence. While directing the Bank toward achieving its corporate objective, the Board should also fulfill its obligation of accountability to the shareholders, by providing them with reliable and adequate information on the Bank's affairs and condition. At the same time, the Board should recognize and take into account the interests of other stakeholders in the Bank, such as depositors, other creditors, employees, the government, and the community in which it functions. Equally important, the Board should ensure that the Bank's policies, operations, dealings, and disclosures are in conformity with the applicable laws and regulations as prescribed by RBI, Companies Act, 2013, SEBI (LODR) Regulations, 2015 etc. from time to time.

A) Functions of the Board of Directors

The main functions of the Bank's Board include the following and is in line with the requirements of Reserve Bank of India, Companies Act, 2013 and the regulations of Securities and Exchange Board of India (SEBI), as amended from time to time:

1. To provide guidance on, approve, and periodically review the Bank's corporate objectives, competitive position and strategy, as well as its operational, financial, personnel and other policies; to oversee operational goals and business plans, including major plans of action, risk policies and annual budgets; to set performance objectives, monitor implementation and corporate performance, and to oversee major capital expenditures, acquisitions and divestments;
2. to monitor the Bank's performance, including effective implementation of the approved policies, strategies, and plans, and statutory and regulatory compliance;
3. to appoint and replace the Chairman, the Managing Director and Chief Executive Officer and Executive Directors (whether or not members of the Board), determine their compensation, counsel and guide them on important issues, oversee and review their performance, and plan their succession; and to select, compensate, monitor and, when necessary, replacing key management personnel, while ensuring robust succession planning for senior leadership positions;
4. to review the utilization and development of the Bank's human resources;
5. To ensure the establishment and effective operation of robust internal control systems encompassing accounting, financial management, risk exposure and management, and

statutory and regulatory compliance, and to oversee the adequacy and integrity of accounting and financial reporting systems, as well as the effectiveness of internal (including concurrent) audit and inspection functions.

6. To recommend to shareholders' appointment and replacement of the external auditors, and interact with the auditors on their findings and concerns;
7. to oversee disclosure to shareholders and regulatory and other governmental authorities;
8. to monitor the effectiveness of Bank's governance practices and making changes as needed;
9. aligning key management personnel and remuneration of board of directors with the longer-term interests of the Bank and its shareholders;
10. to ensure a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors;
11. to monitor and manage potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions;
12. to oversee the process of disclosure and communications;
13. to monitor and review board of director's evaluation framework. As at present, the Board shall reserve for itself the power to make decisions on certain specified matters, including those which are required under statute, regulations, RBI directives, Companies Act and guidelines, and/or stock-exchange listing requirements to be submitted to it for decision. In other matters, to facilitate and expedite decision-making, the Board may delegate appropriate authority to Committees of Directors, the Managing Director & Chief Executive Officer and other members of the executive management, or to specified other officers of the Bank singly or jointly.
14. 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.

B) Roles and Responsibilities of the Board

The Board of Directors shall have the following responsibilities:

1. Disclosure of information: Members of Board of Directors and senior management personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Bank.
2. Members of the Board of Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Bank and the shareholders.
3. The Board of Directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
4. The Board of Directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
5. The Board of Directors shall exercise objective independent judgement on corporate affairs.
6. The Board of Directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.

7. When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
8. Members of the Board of Directors shall be able to commit themselves effectively to their responsibilities.
9. The Board of Directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the Board of Directors and also a member of a committee of board of directors.
10. In order to fulfil their responsibilities, members of the Board of Directors shall have access to accurate, relevant and timely information.

C) <u>Duties of Directors</u>

1. Shall act in good faith and as per the provisions contained in the Articles of Association of the Bank, 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.
2. Shall exercise his duties with due and reasonable care, skill and diligence, shall exercise independent judgment, maintain highest degree of Corporate Governance practice and uphold ethical standards of integrity and probity.
3. 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 Bank.
4. 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.
5. Shall not assign his office and any assignment so made shall be void.
6. Shall, except as otherwise required by law, observe the practices and usages customary among bankers and maintain strict confidentiality of customer information, and shall not disclose any information relating to the affairs of its constituents except where such disclosure is required or permitted by law or is consistent with established banking practices and usages.
7. Shall undergo structured familiarisation programmes and continuous professional development, enabling them to enhance their skills, knowledge, and effectiveness in discharging their duties and responsibilities.

D) <u>Attributes suggested for Independent Directors on professional conduct</u>

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 company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. Not abuse his position to the detriment of the 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.

E) Role and functions of Independent Directors

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. Scrutinize 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 management personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key management personnel and senior management;
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholders interest.

F) Duties of Independent Directors

The independent directors of the bank are subject to certain additional duties as laid down by the Companies Act, 2013 which are set out herein:

1. Undertake appropriate induction and regularly update and refresh 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;
3. Strive to attend all meetings of Board and Committee of Board of which he/she 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 Committees 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 behavior, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy;
12. Acting within his 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.

G) **Duties of Non – Executive Directors (NED)**

1. A NED of a Bank shall not only take interest in the bank's work concerning their own fields of specialisation / activity but also deliberate on all matters of general policy affecting the bank's functioning including those concerning the staff.
2. A NED as an individual, shall have no power to act on behalf of the bank nor can they give any direction to the employees of the bank on behalf of the management. A NED shall desist from sending any instructions to the individual officers on any matters and such cases, if any, shall be routed through the MD&CEO of the bank. Further, if any information is required for the purpose of taking a decision or reviewing the situation at the Board level, it shall be sought from the management.
3. Unless specifically authorised by a Board resolution, a NED shall exercise power only as a member of a collective body, sitting along with others on the Board of Directors. An individual director or a Committee of the Board may be authorised by the Board to finally decide any matter or make recommendations thereon to the Board.
4. A NED shall act with the amount of care and prudence which an ordinary person is expected to take in their own business.
5. A NED who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered by or on behalf of the banking company shall, as soon as possible after the relevant circumstances have come to their knowledge, disclose the nature of their interest to the Board when any such contract, loan, arrangement or proposal is discussed. Unless their presence is required by the other directors for the

purpose of eliciting information, no NED, so required to be present, shall vote on any such contract, loan, arrangement or proposal.

6. A NED shall not sponsor any individual proposal, nor shall they approach directly the Branch Managers to sanction loans or other facilities to any constituent. While sanction of individual loan application, determining credit worthiness etc. shall be the job of the technical experts i.e. the bank executives, in examining individual credit proposals, a NED shall carefully analyse the state of health of the concerned units by observing the cash flow position and appropriate action taken to ensure that the position of the unit does not deteriorate and the funds get locked up.
7. A NED shall not sponsor individual cases of employees or officers regarding their recruitment, transfers, promotions, postings and other related matters. If they have any specific complaint against an individual employee, they shall be taken up and brought to the notice of the MD&CEO and not any officer below them.
8. NED shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the Bank in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director.

H) Separate meetings

1. The Independent Directors of the Bank shall hold at least one meeting in a 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. reviews the performance of non-independent directors and the Board as a whole; b. reviews 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 management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

I) Obligations with respect to senior management

1. Senior management personnel shall maintain and help the Bank in maintaining highest degree of Corporate Governance practice.
2. Senior management personnel shall 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.
3. Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the bank at large.
4. Senior management personnel shall ensure effective implementation of the policies, strategies and decisions approved by the Board of Directors across their respective areas of responsibility.
5. Senior management personnel shall be responsible for the day-to-day management of the Bank’s operations and ensure that business is conducted efficiently, prudently and in accordance with approved policies and procedures.

6. Senior management personnel shall establish and maintain adequate internal controls, systems and procedures to ensure the integrity of financial and operational information.
7. Senior management personnel shall promptly disclose any actual or potential conflict of interest and shall abstain from participating in any decision or transaction in which they have a direct or indirect personal interest.
8. Senior management personnel shall not use their position, confidential information or influence for personal benefit or for the benefit of relatives or associates, and shall ensure that all related party transactions are conducted in a fair and transparent manner in compliance with applicable policies and regulations.
9. Senior management personnel shall ensure compliance with all applicable laws, regulations, regulatory guidelines and internal policies in respect of the functions under their control.

CONFLICT OF INTEREST

The Directors and senior management personnel shall endeavor to avoid and disclose any activity or association that creates or appears to create a conflict between the personal interests and the Company's business interests. A Conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment on behalf of the Company. Board members and Senior Management shall disclose to the Board any transaction or relationship that could reasonably be expected to give rise to such a conflict. If a related party transaction is proposed to be undertaken, they must fully disclose the nature of the related party transaction to the appropriate authority and any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party. In case of related party transactions, the Directors/ Senior Management should ensure compliance with the Bank's "Related Party Transactions" as approved from time to time.

General guidelines to better understand several of the most common examples of situations that may cause a conflict of interest are listed below. Directors and the Senior Management personnel are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest. When in doubt, disclosure is the best way out.

a) **Outside Employment**: Executives Directors and Senior Management personnel shall not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without approval of the Board. Any outside activity must be strictly separated from the company's employment and should not harm job performance at the company. The Executive Directors and the Senior Management personnel shall devote themselves exclusively to the business of the Company and shall not accept any other work or assignment (part-time or otherwise).

b) **Board Memberships**: Acceptance of Directorship on the Boards of other Companies, which compete with the Bank, amounts to conflict of interest. Helping the community by serving on Boards of non-profit or welfare organizations is encouraged. Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in the format as prescribed in **Annexure III**.

c) **Family Members and Close Personal Relationships**: Directors and Senior Management personnel shall not use personal influence to make the Company do business with a company/ institution in which his or her relatives are interested.

d) **Gifts**: The Directors and Senior Management personnel shall not accept gifts or gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely to compromise their personal or professional integrity.

e) **Investments**: Directors and Senior Management personnel may not allow their investments to influence, or appear to influence, their independent judgment on behalf of the Company.

f) **Diversion of Business**: Directors and Senior Management personnel shall not divert business opportunities of the Bank, by exploiting for their own personal gain.

g) **Use of Company's assets**: The assets of the Company shall be used for legitimate business purposes and shall not be used for personal purposes. Incidental personal use, if reasonable, does not amount to violation of the code.

h) **Loans and Contracts:** No relative of the directors are provided loans or awarded contracts, unless it is in line with the provisions of the RBI guidelines.

i) **Others**: It would be impracticable to attempt to list all possible conflict of interest situations and it is possible that other such situations, which are not enumerated above, may arise. All such situations, which arise any questions or doubts, may please be brought to the notice of the Board for appropriate decision.

j) **Related Parties:** As a general rule, the directors and Senior Management Personnel should avoid conducting Bank's business with a relative or any other person or any firm, company or association in which the relative or other person is associated in any significant role. Relatives shall mean relative as defined under Section 2(77) of the Companies Act, 2013 and the rules prescribed thereunder and as per the RBI Master Circular on Loans and Advances – Statutory and Other Restrictions dated July 01, 2015 and shall include: -

- Members of HUF;
- Spouse;
- Father (including step-father);
- Mother (including step-mother);

- Son (including step-son);
- Son's wife;
- Daughter (including step-daughter);
- Daughter's husband;
- Brother (including step-brother);
- Brother's wife;
- Sister (including step-sister);
- Sister's husband;
- Brother (including step-brother) of the spouse;
- Sister (including step-sister) of the spouse.

If such a related party transaction is unavoidable, they must act as per the Related Party Transaction Policy adopted by the Bank. Any dealings with a related party must be devoid of any preferential treatment or favouritism and must be avoided altogether wherever it is likely to impact the decision in the matter in favour of such related party.

In the case of any other transaction or situation giving rise to conflicts of interests, the audit committee of the Board should after due deliberations, decide on its impact.

k) Every Director of the Bank shall on his / her appointment / re-appointment and on an annual basis or pursuant to any changes in the disclosure(s) already made, disclose to the Bank, the list of entities where he / she holds substantial interest. Substantial Interest shall mean as defined under Section 5 (ne) of the Banking Regulation Act, 1949:

i. in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid up on which exceeds two crore rupees or such other amount as may be notified in the Official Gazette by the Central Government or ten percent of the paid-up capital of the company, whichever is less;

ii. in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent of the total capital subscribed by all the partners of the said firm.

l) Every Director of the Bank shall confirm whether he/she attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013.

m) As prescribed under Section 165 of the Companies Act, 2013 and Regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, no person shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time. The maximum number of public companies in which a person can be appointed as a director shall not exceed ten. He/she shall not serve as independent director in seven listed companies. Further, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.

n) Every Director shall ensure compliance with Schedule III (I)(1)(f) and of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, which inter alia prohibits common directors between two corporate agents registered with the Insurance Regulatory and Development Authority of India.

o) He/she shall not be a director of any other Banking Company or companies which among themselves are entitled to exercise voting rights in excess of 20% of total voting right of all the shareholders of another Banking Company.

p) He/she shall not be an owner, promoter or full time employee of any NBFC.

BANK'S CONFIDENTIAL INFORMATION

a) The Bank's confidential information is a valuable asset. It includes all trade related information, trade secrets, confidential and privileged information, customer information, employee related information, strategies, administration, research in connection with the Bank and commercial, legal, scientific, technical data that are either provided to or made available to each member of the Board of Directors and the Senior Management by the Bank either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Bank. All confidential information must be used for Bank's business purposes only.

b) This responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Bank's policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Bank has rightfully received under non-disclosure agreements.

c) To further the Bank's business, confidential information may have to be disclosed to potential business partners. Such disclosure should be made after considering its potential benefits and risks. Care should be taken not to divulge sensitive information, except where such disclosure is necessary for legitimate business purposes and is made only after appropriate approvals and execution of a confidentiality or non-disclosure agreement with the recipient.

d) Any publication or publicly made statement that might be perceived or construed as attributable to the Bank, made outside the scope of any appropriate authority in the Bank, should include a disclaimer that the publication or statement represents the views of the specific author and not the Bank.

Other Confidential Information

The Bank has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Bank to enter into a business relationship. At other times, the Bank may request that a third party provide confidential information to permit the Bank to evaluate a potential business relationship with that party. Therefore, special care must be taken by the Board of Directors and Senior Management to handle the confidential information of others responsibly. Such confidential information should be handled in accordance with the agreements with such third parties.

DEALING IN SHARES/ INSIDER TRADING

The Directors and Senior Management personnel shall not deal in securities of the Bank either on their own behalf or on behalf of any other person when in possession of any unpublished price sensitive information or communicate, provide or allow access, counsel or procure, directly or indirectly any unpublished price sensitive information to any other person except the same is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. They should comply with the Code of Conduct relating to Insider Trading, processes made there under and any amendments thereof to the extent applicable to them.

GOOD CORPORATE GOVERNANCE PRACTICES

Each member of the Board of Directors of the Bank should adhere to the following so as to ensure compliance with good Corporate Governance practices.

1. **Do's**

a) Attend Board meetings regularly and participate in the deliberations and discussions effectively.
b) Study the Board papers thoroughly and enquire about follow-up reports on definite time schedule.
c) Involve actively in the matter of formulation of general policies and also ensure that performance of the Bank is monitored adequately at Board levels.
d) Be familiar with the broad objectives of the Bank and the policies laid down by the Government and the various laws and legislations.
e) Ensure confidentiality of the Bank's agenda papers, notes and Minutes.

The following shall be applicable only to Non-Executive Directors:

f) Offer constructive ideas for the better management of the Bank and for making valuable contribution.
g) Work as a team and not sponsor or be prejudiced against individual proposals. The Management on its part shall furnish full facts and complete papers in advance
h) Offer as much of wisdom, guidance and knowledge as possible to the management; and

i) Analyse the trends of economy, assist in the discharge of management's responsibility to public and formulation of measures to improve customer service and, be of constructive assistance to the Bank management

2. <u>Don'ts</u>

a) Do not interfere in the day to day functioning of the Bank (Applicable only to Non-Executive Directors).
b) Do not reveal any information relating to any constituent of the Bank to anyone.
c) Do not display the logo / distinctive design of the Bank on their personal visiting cards / letter heads.
d) Do not sponsor any proposal relating to loans, investments, buildings or sites for Bank's premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals, etc.
e) Do not do anything, which will interfere with and / or be subversive of maintenance of discipline, good conduct and integrity of the staff.

The following shall be applicable only to Non-Executive Directors:

f) Do not participate in the Board discussion if a proposal in which they are directly or indirectly interested comes up for discussion. They shall disclose their interest well in advance to the Managing Director & CEO.
g) Do not send any instructions to any individual officer of the Bank or give direction to individual officer in any matter.
h) Do not involve themselves in any matter relating to personnel administration whether it is appointment, transfer, posting or promotion or a redressal of individual grievances of any employee.
i) Do not approach or influence for sanction of any kind of facility from an individual Branch Manager or any other official .
j) Do not call for papers / files / notes recorded by various departments for scrutiny etc. in respect of agenda items to be discussed in the meetings. All information / clarification that they may require for taking a decision shall be made available by the management .

ANNUAL CONFIRMATION AND ACKNOWLEDGEMENT

Each Board Member and member of the Senior Management upon appointment or getting covered within the purview of this Code as the case may be, shall acknowledge receipt of the Code or any modification(s) thereto, in the Acknowledgement Form annexed to this Code as **Annexure–I** and forward the same to the Company Secretary.

The Directors and Senior Management personnel shall affirm compliance with the code of conduct on an annual basis as per Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as at the end of each financial year (as per format prescribed herewith as **Annexure-II**, within 15 days of the close of every financial year and forward the same to the Company Secretary. The Annual Report of the Bank shall contain a declaration to this effect signed by the Managing Director and CEO stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct.

The compliance certificate shall be furnished by Chief Executive Officer and Managing Director and Chief Financial Officer stating that the Company has not entered in any transactions during the year which are fraudulent, illegal or violate the listed entity's code of conduct.

The Bank shall disseminate the code of conduct of board of directors and senior management personnel on its website.

WAIVERS

Any waiver of any provision of this Code of Conduct for a member of the Bank's Board of Directors or a member of the Senior Management must be approved in writing by the Board of Directors of the Bank.

POLICY REVIEW AND UPDATES

The Board approved document shall be reviewed as and when required or at least annually for incorporating regulatory updates and changes, if any.

Where any provision of this Code is inconsistent with applicable law, RBI directions, SEBI regulations or the Companies Act, such law/regulation shall prevail, and the Code shall be deemed modified to that extent

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FORMATS PRESCRIBED FOR AFFIRMATION OF CODE OF CONDUCT

Annexure – I

_____________(Date)

To,

The Board of Directors
ESAF Small Finance Bank Limited,
ESAF Bhavan, Thrissur-Palakkad National Highway,
Mannuthy, Thrissur, Kerala, PIN – 680 651

Subject: Confirmation of Compliance to the Code of Conduct for Board of Directors and Senior Management personnel in terms of Regulation 17(5) and 26(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

Pursuant to my appointment as ________ or designation as _________ (strike off, if not applicable), having read and understood the provisions of the Code of Conduct for Board of Directors and Senior Management personnel, hereby confirm that I will abide by the Bank's "Code of Conduct" at all times on an on-going basis.

________________(Signature)
_________________(Name)
_________________(Designation)

Annexure – II

_____________(Date)

To,

The Board of Directors
ESAF Small Finance Bank Limited,
ESAF Bhavan, Thrissur-Palakkad National Highway,
Mannuthy, Thrissur, Kerala, PIN – 680 651

Subject: Confirmation of Compliance to the Code of Conduct for Board of Directors and Senior Management personnel in terms of Regulation 17(5) and 26(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

I, ________________________(Name), _____________________(Designation), having read and understood the provisions of the Code of Conduct for Board of Directors and Senior Management personnel, hereby solemnly affirm compliance to the Code of Conduct and has not violated any of the provisions of the Code during the year ended March 31, ……………………...

________________(Signature)
_________________(Name)
_________________(Designation)

Annexure III

FORM NO. MBP 1

NOTICE OF INTEREST BY DIRECTORS

[Pursuant to Section 184 (1) & Rule 9(1) of Chapter XII]

To,

The Board of Directors
ESAF Small Finance Bank Limited
Building No: VII/83/8, ESAF Bhavan,
Thrissur-Palakkad, National Highway,
Mannuthy, Thrissur -680651

Dear Sir,

I, **[●]**, Son/Daughter of **[●]**, resident of **[●],** being the Non-Executive Independent Director of the Bank, hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals:-

Sl. No	Names of the Companies/ bodies Corporate/firms/ association of individuals etc.	Nature of interest or concern/ change in interest or concern	Shareholding	Date on which interest or concern arose / changed

Date:

Signature:

Place:

Name : [●]
DIN : [●]