



# CODE OF CONDUCT

	<b>Prepared by</b>	<b>Approved by</b>	<b>Date of Approval</b>
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Designation	CHRO	MD & CEO	

## 1. Preamble

- a. Pragati Finserv Pvt Ltd is committed to its vision of empowering underserved Rural Households with sustainable and scalable offerings improving their livelihoods and financial well-being. In pursuit of its Vision, Pragati Finserv follows a core set of values and belief including but not limited to the following:
  - i. Adherence to ethical norms and professional standards in all dealings with investors, employees, customers, suppliers, financial institutions and government.
  - ii. Treating people with respect and fairness; providing opportunities to learn, contributing and advancing; recognizing and rewarding initiative, innovativeness and creativity.
  - iii. Maintaining an organizational climate conducive to trust, open communication and team spirit.
  - iv. Managing business environment effectively for harnessing opportunities to grow in a manner that is consistent with its values and beliefs.
- b. Pragati Finserv's management practices and business conduct shall follow the highest standards and shall be in accordance with the laws of the land.
- c. Towards this end, this Code of Conduct ("Code") proposes to set out the standards of conduct expected from representatives and employees of Pragati Finserv (such representative and employees are hereinafter referred to as "Employees").

## 2. Regulatory Compliance

- a. Employees of Pragati Finserv, in their business conduct, shall comply with all applicable laws, regulations, internal policies and this Code, in letter and spirit. If the ethical and professional standards of applicable laws and regulations are below that of internal policies and this Code, then the standards of the internal policies and this Code shall prevail. In case of any doubt related to compliance with the law or standards (including those contained in internal policies or this Code), Employees are required to approach Pragati Finserv's CHRO for clarification.
- b. Directors of Pragati Finserv ("Directors") shall comply with applicable laws and regulations applicable to their directorships.



### **3. Equal Opportunities Employer**

- a. Employees shall discharge their responsibilities without regard to the race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability of the people they work with or meet in the course of their employment.
- b. Employees shall promote diversity and equality in the workplace, as well as compliance with all local labour laws, while encouraging the adoption of international best practices.
- c. Employees shall treat everyone, including their colleagues, with dignity and in accordance with the policy of maintaining a work environment free of all forms of harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner consistent with applicable laws, the provisions of this Code, respect for the right to privacy and the right to be heard. Professional merit, including compliance with this Code and all other policies, shall guide all decision-making, including in all performance management.

### **4. Safety and Work Environment**

- a. Pragati Finserv shall provide a healthy and safe work environment for its Employees. Pragati Finserv shall not discriminate against any employee infected with HIV / AIDS or any other diseases or infection as long as it does not pose a threat to co-workers, with regard to promotions, training, and other privileges, and no employee shall discriminate a colleague on such basis.
  - i. Any act by a third party (i.e. other than an Employee), which would have been a violation of this Code had it been committed by an Employee, must immediately be brought to the notice of the MD&CEO.
- b. Failure to comply with the Prevention of Sexual Harassment Policy of Pragati Finserv shall be deemed to be a violation of this Code.
- c. Employees shall prevent the wasteful use of resources and shall strive for economic, social and environmental sustainability.



## **5. Public Representation of Pragati Finserv**

- a. Employees shall honour the information requirements of the public and its stakeholders. In all its public appearances, with respect to disclosing company and business information to public constituencies and stakeholders such as the media, the financial community, employees, shareholders, agents, investors, clients, exchanges, regulators, brokers, rating agencies and arrangers, Pragati Finserv shall be represented only by the MD&CEO or such other person(s) as may be designated by the MD&CEO, subject to such restrictions as the MD&CEO deems fit. No other employee is entitled to publicly represent Pragati Finserv .
- b. Non-public interaction with third parties by employees in the course of their work must also strictly comply with the Code and other policies.

## **6. Ethical Conduct**

- a. Every Employee of Pragati Finserv, including full-time directors and the MD&CEO, shall deal on behalf of Pragati Finserv with professionalism, honesty and integrity, while conforming to high ethical standards. Such conduct shall be fair and transparent. In case of any doubt about the ethical implications of a given situation, employees are required to approach the CHRO for clarification.
- b. Every employee of Pragati Finserv shall preserve the human rights of every individual and stakeholder (including persons covered by the vision & mission) and shall strive to honour all professional commitments.

## **7. Financial Reporting and Records**

- a. Employees entrusted with preparation and maintenance of accounts shall do so fairly and accurately and in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards (including Indian Accounting Standards), laws (including laws relating to money laundering) and regulations that apply.
- b. Internal accounting and audit procedures shall reflect, fairly and accurately, all of the Company's business transactions and disposition of assets and shall have internal controls to provide assurance to the Board and shareholders that the transactions are accurate and legitimate. All required information shall be made available to company auditors, other parties authorised by the MD&CEO and government agencies acting under the authority of law.



- c. Employees shall not in any circumstance be involved in the origination of an unauthenticated market related news or a rumour. Employees shall not circulate any news or rumour to existing or prospective investors or to the representatives of Pragati Finserv .
- d. Any willful, material misrepresentation of and / or misinformation on the financial accounts and reports, by any employee, shall be regarded as a violation of the Code, apart from inviting appropriate civil or criminal action under the relevant laws. No Employee shall make, authorise, abet or collude in an improper payment, unlawful commission or bribing.

## **8. Gifts and Donations**

- a. Pragati Finserv and Employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of its business.
- b. However, Employees may, with full disclosure, accept and offer nominal gifts, provided such gifts are customarily given or are of a commemorative nature and the value of such gift does not exceed Rs. 1,000- (one thousand). However, alcohol, cash, gold and financial instruments shall not be accepted as gifts. Pragati Finserv may also devise specific additional rules and regulations on gifts and entertainment, to be used for the guidance of its Employees.

## **9. Third Party Representation**

- a. Employees shall not authorise third parties to represent Pragati Finserv without the written permission of the MD&CEO or in terms of a power of attorney duly executed by Pragati Finserv
- b. An employee shall not disclose information belonging to Pragati Finserv, its investors or its clients to any third parties except in the circumstances and in the manner approved by relevant policies or by the MD&CEO.

## **10. Use of the Pragati Finserv Brand**

- a. The use of the “Pragati Finserv” name and trademark or the name or trademark of any entity or organisation, shall be governed by the instructions, if any, of the copyright holder. Employees using any such name or trademark must familiarise themselves with the relevant instructions.



## 11. Political Non-Alignment

- a. In the course of their official duties Employees shall be committed to and support the constitution and governance systems of all jurisdictions in which Pragati Finserv conducts/may conduct any business.
- b. Pragati Finserv shall not support any specific political party or candidate for political office. However, nothing contained herein shall restrict the right of Employees to do so in their personal capacity. Employees must be aware that involvement with political parties, activities and candidates may, in some cases, result in a conflict of interest between the political position of the Employee and Pragati Finserv's vision & mission. Where there is a potential for conflict of interest, the Employee must disclose this to Pragati Finserv by writing to the CHRO.

## 12. Adoption of Policies

- a. Pragati Finserv may recommend to its Board of Directors the adoption of policies and guidelines periodically or appropriate modifications thereof. Further, the MD&CEO may, from time to time, issue specific policies for specific conduct and such policies must be placed before the board within 3 months of issuance and such policies and guidelines shall be binding on Employees.

## 13. Concurrent Employment

- a. Employees shall not, unless otherwise expressly permitted by an applicable policy or in writing by the MD&CEO, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide freelance services to anyone, with or without remuneration.

## 14. Conflict of Interest

- a. An Employee of Pragati Finserv shall always act in the interest of the Company, and ensure that any business, professional association, personal association or activity of such Employee does not involve a conflict of interest with the operations of the Company and their role therein.



- b. The above shall not apply to (whether for remuneration or otherwise):
  - i. Memberships / positions of responsibility in educational / professional bodies, wherein such association will benefit the Employee / Pragati Finserv .
  - ii. Nominations / memberships in government committees / bodies or organisations.
  - iii. Exceptional circumstances, as determined by the competent authority.
- c. The competent authority, in the case of all other employees, shall be the MD&CEO, who in turn shall report such exceptional cases, if any, to the Board of Directors on a quarterly basis.
- d. A conflict of interest, actual or potential, may arise directly or indirectly when:
  - i. An Employee of Pragati Finserv personally engages in a business, relationship or activity with anyone who is party to a transaction with any group entity.
  - ii. An Employee or any of his / her relatives (use of the term “relative” in this Code shall have the meaning ascribed to it in Section 2(77) the Companies Act, 2013) is in a position to derive any benefit (other than benefit arising to such employee directly out of employment with Pragati Finserv in accordance with the other policies of Pragati Finserv) by making or influencing decisions in the course of employment with Pragati Finserv relating to any transaction.
- e. Employees are obliged to take reasonable steps to identify if they (by themselves or through their relatives) are subject to any actual or potential conflict of interest. Adequate and full disclosure of all actual or potential conflict of interest shall be made by Employees to the CHRO and the matter shall be dealt with appropriately.
- f. If an Employee fails to make the required disclosure and the MD&CEO otherwise becomes aware of an instance of conflict of interest that ought to have been disclosed by the Employee, suitable disciplinary action may be taken against such Employee.

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

- a. An Employee and the relatives of such Employee shall not derive any benefit or permit others to derive any benefit (other than benefit arising directly out of employment with Pragati Finserv in accordance with the other policies of Pragati Finserv), from access to and possession of information about the Company or Group or its clients that is not in the public domain and, thus, constitutes unpublished insider information (whether price-sensitive or not).



- b. Such insider information might include (without limitation) the following:
  - i. Acquisition and divestiture of businesses or business units;
  - ii. Financial information such as profits, earnings and dividends;
  - iii. Announcement of new product introductions or developments;
  - iv. Asset revaluations;
  - v. Investment decisions / plans;
  - vi. Restructuring plans;
  - vii. Borrowings and finance.
  
- c. An Employee of Pragati Finserv shall also respect and observe the confidentiality of information pertaining to other companies, their patents, intellectual property rights, trademarks and inventions.

## **16. Protecting Company Assets**

- a. The assets of Pragati Finserv shall not be misused. They shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and stakeholders. All Employees shall comply with the Policies governing Document Preservation and Retention and the IT Policy in force from time to time.

## **17. Public Affairs**

- a. The involvement of an Employee or MD&CEO in public affairs shall be with express approval from the MD&CEO or Board of Directors respectively, subject to such involvement having no adverse impact on the business affairs of Pragati Finserv .

## **18. Integrity of data furnished**

- a. Every Employee shall ensure, at all times, the integrity of data or information furnished by them to the Company or to any person in the course of his employment. The Employee shall take reasonable steps to ensure the accuracy of such information and shall be entirely responsible in ensuring that the confidentiality of all data is maintained and in no circumstance such data gets transferred to any outside person/party other than as permitted by policy or with the approval of the MD&CEO.



## 19. Reporting concerns

- a. Every Employee is obliged to promptly report to the MD&CEO or the CHRO when they become aware of any actual or possible violation of the Code or an event of misconduct, act of misdemeanor or any act not in the Company's interest. Such reporting shall be made for activities of lenders, clients and investors as well.
- b. Any Employee can choose to make a protected & confidential disclosure, preferably in writing, at [protected.disclosure@pragatifyn.com](mailto:protected.disclosure@pragatifyn.com) in relation to matters concerning the Company. The Vigil Mechanism and Whistle-blower Policy of Pragati Finserv provides a mechanism for its Employees to raise concerns. For more details, refer to the procedure for reporting and dealing with disclosures under the Vigil Mechanism and Whistle-blower Policy of Pragati Finserv.
- c. The Company shall ensure protection of the whistle-blower and any attempts to intimidate such whistle-blowers in relation to such whistleblowing shall be treated as a serious violation of the Code of Conduct. It may be noted that a frivolous protected & confidential disclosure may itself be a violation of this Code.

## 20. Personal and Workplace Conduct

- a. While recognizing the importance of healthy inter-personal relationships at the workplace, Pragati Finserv is also committed to ensuring that certain kinds of inter- personal relationships among our employees do not interfere with the work environment we endeavor to foster.
- b. Accordingly, any personal relationship between employees of the Company that gives rise to a situation of conflict of interest (whether actual, potential or perceived) shall be strictly prohibited.
- c. For the purpose of this Code, the following personal relationships shall be deemed to give rise to a conflict of interest and shall be strictly prohibited:
  - i. a personal relationship between two employees who are professionally in a supervisory or reporting relationship;
  - ii. a personal relationship between two employees, one of whom is otherwise in a professional position to determine or affect the compensation, promotion or benefits that the other employee is eligible for;
  - iii. any other personal relationship that gives rise to a situation of conflict with the professional responsibilities of the employee(s).
- iv. It is further clarified that a personal relationship shall include a relationship that is of a spousal, familial or sexual nature.





## 21. Investigation and Disciplinary Procedure

- a. Breach of other applicable policies may be construed as breach of this Code, depending on the facts of the case. Action taken under this Code may be in addition to the action, if any, taken under other policies. Compliance with this Code does not exonerate an employee from compliance with any other Policy and vice versa.
- b. Any investigation and disciplinary proceedings relating to a violation of this Code shall be carried out under the directions of the MD&CEO who may assign it to the CHRO to handle the matters relating to procedure to be followed, including the principles of natural justice. In the case of an investigation against the MD&CEO, the investigation shall be carried out under the directions of the Board. In the case of an investigation against the CHRO, the MD&CEO may handle it directly or assign it to another senior official.

## 22. Note:

- a. This Code does not provide a full, comprehensive and complete explanation of all the rules that employees are bound to follow. Employees have a continuing obligation to familiarize themselves with all applicable laws, company policies, procedures and work rules.

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