

Introduction

It is the policy of Aavas Financiers Limited (“**Company**”) to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly and with integrity in all our dealings wherever we operate. We are also committed to implement and enforce effective systems to counter bribery. This document sets out the Company's long-standing policy on bribery and other forms of unlawful payments (“**Policy**”). The Policy consists of two principles and a series of practical procedures to give effect to those principles.

What is Bribe

Bribe is offering, giving, receiving, or soliciting of something of value for the purpose of influencing the action of an Official in the discharge of his or her public or legal duties. A bribe can consist of immediate cash or of personal favors, a promise of later payment, or anything else the recipient views as valuable.

Official

The term “**Official**” includes any person who is performing (a) any function of a public nature; (b) any activity connected with a business; (c) any activity performed in the course of a person's employment; (d) any activity performed by or on behalf of a body of persons (whether corporate or unincorporated) and wherein the person is performing the aforesaid activities is in a position of trust and is expected to perform them impartially and in good faith.

Scope

This Policy applies to all individuals working at all levels and grades, including directors, senior managers and all employees and any other person directly associated with the Company.

The Principles

1. The Company shall not pay & accept bribes, either directly or via third party, in any circumstances. Breach or attempt to breach of this principle by an employee will be considered as an act of gross misconduct.
2. The Company seeks to encourage an equivalent Policy in other business entities with which it has significant business relationship.

Practical Procedures

1. **Responsible Director:** The Whole Time Director of the Company (“**Responsible Director**”), who is also part of the board of directors of the Company, will be responsible for overseeing the application of this Policy and the principles and practical procedures contained herein. The Responsible Director shall be assisted by the Chief Risk Officer, Chief Treasury Office & Chief Financial Officer in implementation of this Policy. The Responsible Director will report to the Board of Directors of the Company while discharging this role.

2. **Training:** Compulsory training preferably at the time of induction will be provided to the employees of the Company so that they can be made aware of their obligations under this Policy, relevant legislation and code of conduct policy of the Company. Employees will also be made aware of their obligations regarding prevention of corruption and prohibition on bribery under their contract of employment.
3. **Review:** The Company shall monitor, review and report once in a year on the effectiveness of and adherence to the principles, the practical procedures herein and the steps taken to implement them. The report will be approved by the board of directors. Further, the Company shall ensure that records are maintained of such reviews and the senior management is kept informed of the steps to implement the principles and the practical procedures, of the conclusions of any reviews and of any material findings of pre investment due diligence
4. **Code of Conduct:** The Company will incorporate this Policy in its code of conduct, including appropriate business integrity and legal compliance policies to ensure compliance with applicable anti-corruption, anti-terrorism, and anti-money laundering laws.
5. **Communication:** The Company will communicate to its employees and vendors regarding the implementation of this Policy by publishing on its website about this Policy and the principles & practical procedures herein.
6. **Employee Conduct Whistle blowing:** Employees who have any knowledge of either receipt or payment of a bribe should report the same to the HR/Risk Management Department. A failure to do so may amount to gross misconduct. No employee will suffer demotion, penalty or other adverse consequence for raising genuine concerns about bribery including refusal to pay or accept a bribe even if such a refusal may result in the Company losing business or failing to win a deal. Employees should be encouraged to raise concerns about any issue or suspicion of offer or request for or the receipt or payment of bribe at the earliest possible stage and reporting of any such instance shall be regarded as a legitimate example of 'whistle blowing'.
7. **Contractors & Associates:** The Company shall encourage screening procedures to be carried out on those of its agents, advisers, contractors, intermediaries, and other representatives who supply material goods and services to it ("**Associates**"), to protect the Company from the risk of it being associated with illegal or corrupt payments (or of payments purportedly being made on its behalf) and to ensure that the highest ethical standards are maintained. The Company shall endeavor that Associates are made aware of its principles and practical procedures; to confirm that they will not make or receive any payment that put it in breach of those principles.

Hospitality, promotional and other business expenditure: The Company acknowledges that *bonafide* hospitality and promotional or other business expenditure including gifts which seek to improve the image of the Company, the sale, promotion or demonstration of products or services of the Company or establish cordial relations are established and important part of doing business. Therefore, this Policy does not prohibit reasonable and proportionate hospitality, promotional or other business expenditures that are intended for the aforementioned purposes and do not conflict with the framework defined in this Policy. However, expenditures which have been incurred with an intention to influence the officer from his or her Official role and thereby securing any business advantage to the Company are prohibited under this Policy.

