



HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

CODE OF CONDUCT

APPLICABLE TO

**EXECUTIVE DIRECTORS AND MEMBERS OF THE SENIOR MANAGEMENT OF THE
CORPORATION**

JANUARY 2017

I. PREAMBLE:

Trust, integrity, transparency and professional service form part of the core beliefs of all activities at Housing Development Finance Corporation Limited (**'the Corporation'**), which has been the basis of its growth and development.

In terms of the Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is mandatory for the Corporation to formulate and adopt a Code of Conduct for its Directors and Members of Senior Management, duly approved by its Board of Directors (**'the Board'**).

As the Executive Directors and Members of Senior Management help shape the growth of the Corporation and are individually and collectively responsible to ensure that the Corporation operates with the highest degree of legal and ethical standards of conduct, the Board at its meeting held on January 30, 2017, approved the adoption of this revised Code of Conduct exclusively for the Executive Directors and Members of Senior Management, which is separate and distinct from the Code of Conduct applicable to the Non-Executive Directors of the Corporation.

II. APPLICABILITY:

This Code shall be applicable and binding on all the Executive Directors and Members of Senior Management of the Corporation. For the purpose of this Code, Executive Directors shall mean the whole-time Directors of the Corporation and further, Senior Management shall include the following:

- Members of Executive Management;
- Employees in the grade of Senior General Manager;
- Regional Business Heads;
- Functional Heads;
- Business Heads; and
- Key Managerial Personnel (other than whole-time director).

This revised Code shall come into effect from **February 1, 2017**.

It is clarified that, wherever the term 'relative' appears in this Code, it shall mean and include the spouse, parents and children of the concerned Executive Director or Member of Senior Management, as the case may be.

III. DUTIES OF DIRECTORS:

The Executive Directors of the Corporation shall endeavour to comply with the provisions of Sections 166 and 203 and other applicable provisions of the Companies Act, 2013 and Rules made there under.

IV. THE CODE:

This Code is intended as a source of guiding principles, since no code or policy can anticipate every situation that may arise. Every Member of the Senior Management is expected to comply with this Code in letter and spirit.

Every Executive Director and Member of Senior Management represents the interest of all stakeholders of the Corporation and shall optimise their long-term value by providing the Corporation with guidance and strategic vision.

1. To Lead by Example

As every Executive Director and Member of Senior Management is perceived to be the guiding force of the Corporation, it shall be their responsibility to lead by example. Leading by example would mean and include: -

- a. To act with honesty, integrity and fairness in all dealings for and on behalf of the Corporation.
- b. An appropriate and decent dress code.
- c. Humility whilst discussing matters with junior employees.
- d. Restraint in use of abusive language during conversations with employees/ customers and other stakeholders.
- e. To guide and motivate the entire organisation.
- f. To lead by self-commitment and self-motivation.
- g. To exercise powers conferred with reasonable discretion and after weighing the consequences of such use.
- h. To induce a feeling of loyalty towards the organisation.
- i. To work selflessly to achieve the business objectives of the Corporation.
- j. To comply and ensure compliance with laws, rules and regulations as applicable to the business of the Corporation.
- k. To act in good faith, responsibly, with due care, competence, diligence, and without misrepresenting material facts or allowing his/her independent judgement to be compromised.

- l. To respect the confidentiality of any information that may be acquired or accessed during the course of work and ensure that such confidential information is not used for personal gain.
- m. To share knowledge, maintain and develop skills essential and relevant to his/her role and responsibilities.
- n. To proactively promote ethical behaviour amongst peers and subordinates.
- o. To proactively support all initiatives undertaken by the Corporation to prevent degradation of the environment.

2. Principles of Compliance

- a. Whilst carrying out duties, ensure compliance of legal/ regulatory requirements as applicable to the business of the Corporation and endeavour that before any directions are given or decisions are taken, relevant legal/ regulatory requirements are taken into account.
- b. Whilst carrying out duties, ensure that it is executed in terms of the authorisations granted and/ or within limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors or Committee of Directors or Management of the Corporation, from time to time.
- c. If any Executive Director becomes aware of any information that may be perceived to be violating any legal/ regulatory requirement as applicable to the business of the Corporation, which may subject the Corporation, its Directors and/ or its officers to litigation/ prosecution, he/she shall forthwith bring the same to the notice of the Chairman of the Corporation. In case of Members of Senior Management, the same should be brought to the Notice of the Vice Chairman & CEO or in his absence, the Managing Director of the Corporation.
- d. If any Executive Director becomes aware of any suspected or actual instances of fraud, misconduct or irregularity or failure of internal control system of a material nature, he/ she shall forthwith bring the same to the notice of the Chairman of the Corporation. In case of Members of Senior Management, the same should be brought to the Notice of the Vice Chairman & CEO or in his absence, the Managing Director of the Corporation.

3. Conduct at workplace

- a. Every Executive Director and Member of Senior Management shall conduct himself/ herself in a professional manner and treat others with respect, fairness and dignity.
- b. The Corporation does not approve of any discrimination in employment based on colour, race, religion, caste or gender. The Corporation is committed to providing a work environment that is fair and non-discriminatory.

- c. As a good corporate citizen, the Corporation is committed to a gender friendly workplace. This is in order to enhance equal opportunities for men and women, to prevent/stop/redress sexual harassment of women at the workplace and to promote good employment practices.
- d. The Corporation demands, demonstrates and promotes professional behaviour and respectful treatment of all employees.
- e. The Corporation prohibits the use and consumption of illegal/ banned psychotropic drugs by its employees at all times.
- f. The Corporation prohibits the consumption of cigarettes, alcohol and tobacco related products in other forms, by its employees during business hours and within its office premises.
- g. To produce full, fair, accurate, timely and understandable disclosures in reports and other declarations that are required to be filed by the Corporation with statutory/ regulatory authorities and/ or forming part of the disclosures required to be made in the ordinary course of its business.
- h. Shall conduct oneself in accordance with acceptable norms of behaviour that may be prevalent in the society, city, state or country, where the office of the Corporation is situated.
- i. Not to indulge in nepotism or favouritism and maintain a working environment which is fair and non-discriminatory.
- j. To be supportive towards employees who may be facing personal trauma on account of ill health, family dispute, financial loss or any other reason beyond their control.
- k. To facilitate understanding and adherence to the 'Explicit Guidelines' forming part of the Code of Conduct applicable to all employees of the Corporation and ensuring its compliance.
- l. Encourage the use of Corporate Whistle Blower Mechanism, which provides employees of the Corporation with a platform to communicate to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct applicable to all employees or this Code, in a secure and confidential manner.

4. Conflict of Interest

Conflict of interest needs to be managed in accordance with Policy on Management of Conflict of Interest formulated and adopted by the Corporation.

5. Payments, receipt of gifts/favours from others

- a. Under no circumstances should any Executive Director or Member of Senior Management solicit gifts or accept favours or hospitality, other than in the normal course of business, that might influence or appear to influence his/her independence of judgement or affect his/her decision or action concerning the business of the Corporation.

However, the key determining factor for appropriateness of the gift and/or its value would be based on facts and circumstances under which such gift is provided.

The practice of giving gifts is recognised as an established and important part of doing the business. However, it is prohibited when they are used as bribes. To avoid committing a bribery offence, the gift must be:

- Reasonable and justifiable in all the circumstances; and
 - Intended to improve the image of the Corporation or establish cordial relations.
- b. While conducting business abroad, the Executive Directors and Members of Senior Management are advised to seek legal advice or guidance before giving or offering or accepting any gifts, as the giving or offering or acceptance of gifts, may be construed to be unlawful under the local laws.

6. Facilitation payments and kickbacks

Neither the Executive Directors nor Members of Senior Management and any person acting on their behalf shall make or accept facilitation payments or kickbacks of any kind otherwise not permissible under law.

7. Donations

The Corporation does not make any contribution to political parties, political party officials or candidates for political office. Payment or use of corporate assets of any type as payment, directly or indirectly to any person, business, political organisation or public official for any unlawful or unauthorized purpose is prohibited.

8. Use of Assets and Information

Every Executive Director and Member of Senior Management shall: -

- a. Ensure that facilities/amenities provided to him/her by the Corporation are used with proper care and diligence and that he/she endeavours to return possession thereof on his/her resignation, termination or retirement from the services of the Corporation.
- b. Not to derive any benefit or assist any other person(s) to derive any benefit by virtue of having access to or possessing of price sensitive information relating to financial results or operations of the Corporation and/or of its subsidiary/ associate companies and/or of

companies with whom the Corporation has business dealings, and remain compliant with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, at all times.

- c. Ensure that in view of the competitive environment, proprietary information and trade secrets belonging to the Corporation, including any information concerning pricing, products and services, internal systems, trademarks, copyrights and designs that are being developed, shall be held in strict confidence and utmost care shall be exercised to avoid inadvertent access and/ or its inappropriate disclosure. Such information shall be deemed to be the intellectual property of the Corporation and shall be used in the manner as required or mandated as a part of the duties assigned and not for personal gain.
- d. Ensure that confidentiality is maintained with regard to personal information relating to customers, depositors, shareholders and creditors of the Corporation and that the same is used/ transmitted in accordance with the policies framed by the Corporation and communicated only if required under applicable laws/ regulations.
- e. Observe confidentiality of information pertaining to other companies, their finances, strategies, corporate actions, licenses, intellectual properties and inventions and strictly observe the practice of non-disclosure, as may be directed by them, from time to time, save as otherwise mandated under any applicable law, for the time being in force.

Such confidentiality shall be maintained by the Executive Director or Member of Senior Management for a period of six months from the date of his / her resignation or retirement or earlier termination of services with the Corporation, as the case may be.

9. Free and Fair Competition

Every Executive Director and Member of Senior Management shall ensure compliance of Competition laws designed to encourage and protect free and fair market competition in India. The Corporation is committed to comply with the said regulations to enhance free and fair market. The Corporation shall not be part of any association of financial institutions or service providers who, by agreement amongst themselves, limit, control or attempt to control the interest rate, fees, charges etc of financial products, or allocations geographical areas of market, number of customer or types of services.

The Corporation shall not be part of any agreement amongst financial institutions, in different markets, in respect of interest rate, fees, charges etc of financial products. The Corporation shall not enter into following (i) Tie-in-agreements – requiring the customer to purchase different products not required by the customer, (ii) Exclusive Sourcing Agreements – restraining any dealing with other entities, (iii) Exclusive distribution agreements – limits or restricts distribution of financial products in a particular area or market, and (iv) refusal to deal with customer – restricts the classes of customer to access the services.

The Corporation shall not affect its competitors in relevant market by fixing price of financial products, discriminatory pricing of financial products, predatory pricing of financial products, coercive monopoly, indulging in practices resulting in denial of market access to the competitors. The Corporation shall not enter into any arrangement which will have an appreciable adverse effect on the relevant market. Such arrangement may include (i) Creation of barriers to new entrants in market, (ii) Driving existing competitors out of the market, (iii) Foreclosure of competition by hindering entry into market, (iv) Accrual of benefits to consumers, (v) Improvements in production or distribution of goods or provision of services and (vi) Promotion of technical, scientific and economic development by means of production or distribution of goods or provision of services.

10. Transparency

Every Executive Director and Member of Senior Management shall ensure that his/her conduct at the workplace is transparent. Such transparency shall be brought about through adherence to policies, systems and processes framed by the Corporation.

11. Securities laws

- a. Every Executive Director and Member of Senior Management shall ensure and take reasonable steps to protect the confidentiality of any unpublished price sensitive information relating to the business of the Corporation or its customers or companies with whom the Corporation has or is likely to enter into a material transaction and prevent its unauthorized access or disclosure, unless he/she is required to do so under applicable laws or legal or regulatory process.
- b. No Executive Director or Member of Senior Management shall in any manner whatsoever indulge in Insider Trading, whilst he/she has access to unpublished price sensitive information relating to the Corporation or its customers or companies with whom the Corporation has or is likely to enter into a material transaction.
- c. Whenever necessary the Corporation may seek information from any Executive Director or Member of Senior Management relating to his/her dealings in securities of the Corporation, or of companies with whom the Corporation has material transactions, the concerned Executive Director or Member of Senior Management shall provide the same at the earliest.

V. VIOLATION:

It shall be the responsibility of every Executive Director and Member of Senior Management to help enforce this Code. They shall bring to the notice of the Chairman of the Corporation or in his absence the Vice Chairman & CEO of the Corporation, any observed material violation of this Code or any other policies or laws as applicable to the business of the Corporation or any probability of occurrence of such violations.

VI. DECLARATION:

Every Executive Director and Member of the Senior Management shall affirm compliance with the Code of Conduct as applicable to them on an annual basis and submit a declaration to that effect in the format prescribed as per Annexure I, before April 21 every year.

A declaration confirming the above duly signed by the Vice Chairman & CEO of the Corporation shall be disclosed in the Annual Report of the Corporation every year.

VII. AMENDMENTS, MODIFICATION & WAIVERS:

This Code shall be reviewed from time to time and any amendments or modifications thereto, shall be subject to the review and approval of the Board of Directors of the Corporation.

This Code of Conduct shall be uploaded on the website of the Corporation in compliance of the Corporate Governance norms.

DECLARATION

To,
The Chairman
The Board of Directors
Housing Development Finance Corporation Limited
HDFC House, H. T. Parekh Marg
165-166, Backbay Reclamation
Churchgate, Mumbai 400 020.

Dear Sir/Madam,

Sub: Declaration confirming compliance with the Code of Conduct

I, Mr./Mrs./Ms. _____, _____(designation) do and hereby acknowledge and confirm that during the financial year _____, to the best of my knowledge and belief, I have not violated any of the provisions of the Code of Conduct as applicable to the Executive Directors and Members of Senior Management of the Corporation or any policies or legal/ regulatory requirement of the Corporation, directly or indirectly applicable to my job or responsibility.

Signature:

Name:

Designation:

Place:

Date: