



**CODE OF CONDUCT FOR NON- EXECUTIVE
DIRECTORS AND INDEPENDENT DIRECTORS

OF

PNB HOUSING FINANCE LIMITED**

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Summary of Version History

Policy approved by	Board of Directors
Policy drafted by	CS
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CODE OF CONDUCT FOR NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS

[Pursuant to Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I. PREAMBLE

PNB Housing Finance Limited ("**the Company**") is a public listed company and a housing finance company registered and supervised by National Housing Bank ("**NHB**") and regulated by Reserve Bank of India ("**RBI**"). With over three decades of specialised experience in housing finance, Company has a robust network of branches spread across the country which help its customers avail financial services (loans and deposits) seamlessly. Integrity, transparency and trust form part of the core beliefs of all activities at the Company, which has been the continuing basis of its growth and all-round development.

II. OBJECTIVE

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

The Board has adopted a separate Code of Conduct for Executive Directors and members of Senior Management. Therefore, this Code of Conduct is applicable and binding on all the Non-Executive Directors including Independent Directors of the Company. This Code is intended to provide them guidance on matters relating to professional conduct, ethics and governance, whilst they discharge their obligations as a Director of the Company and help foster a culture of honesty and integrity which would help sustain the trust reposed by all the stakeholders. As it is not possible to address every possible situation that may arise, this Code should be construed and applied to further the said objective.

III. DEFINITIONS

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

- i. "**Act**" means the Companies Act, 2013, including any amendments thereto;
- ii. "**Board**" or "**Board of Directors**" means the Board of Directors of the Company;
- iii. "**Code**" means this Code of Conduct for all non-executive directors including independent directors of the Company;
- iv. "**Company**" means PNB Housing Finance Limited;
- v. "**Non-Executive Director**" means a member of the Board of Directors of the Company who is not an Executive Director;
- vi. "**Independent Director**" shall have the meaning ascribed to it in Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act, as amended from time to time.
- vii. "**SEBI Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- viii. "**Woman Director**" shall have the meaning ascribed to it in section 149(1) of the Act and the rules made thereunder.

Unless the contrary is apparent from context, all other words and expressions used but not defined herein shall have the meaning as defined in the Act and SEBI Listing Regulations or any other cognate statute.

IV. APPLICABILITY

This Code shall be applicable and binding on all the Non-Executive Directors and Independent Directors of the Company. Accordingly, unless specifically provided otherwise, wherever term “Non- Executive Director” is defined, it should be interpreted to mean to include Independent Director as well.

V. STANDARDS OF THE CONDUCT

This Code is intended as a source of guiding principles, since no code or policy can anticipate every situation that may arise. Every Non-Executive Director including Independent Director is expected to comply with this Code in its letter and spirit.

A. Duties:

- i. All Non-Executive Directors including Independent Directors shall endeavor to comply with responsibilities or obligations assigned to them under Section 166 of the Act and Regulation 4(2)(f) of the SEBI Listing Regulations as amended from time to time.
- ii. The Independent Directors shall also endeavor to perform such duties as prescribed under Schedule IV to the Act (**Annexure-I**) and Regulation 25 of the SEBI Listing Regulations.

B. Conflict of interest: Conflict of Interest occurs when the personal interest of any Non-Executive Director interferes or appears to interfere in any way with the interests of the Company. Every Non-Executive Director, including Independent Director has a responsibility to the Company, its stakeholders and to each other. They are expected to perform their duties in a way that they do not conflict with the Company's interest such as;

- i. A conflict-of-interest situation would be deemed to have arisen, when a Non-Executive Director's including Independent Director's personal interest is perceived to be inconsistent with or is in conflict with the business interest of the Company.
- ii. All Non-Executive Directors including Independent Directors should endeavor to avoid conflict of interest situation. Non-Executive Directors involved in any conflict or potential conflict situations shall recuse themselves from any discussions or decisions on the said matter.
- iii. No Non-Executive Director including Independent Directors shall accept membership of the Board of other companies, which are in the same industry in which the Company operates, without the prior approval of the Board of Directors of the Company.
- iv. All Non-Executive Directors including Independent Directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as Director, in the notice to the general meeting called for appointment of such director.
- v. No Non-Executive Director including Independent Director of the Company shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.

C. Personal Conduct

- i. All Non-Executive Directors including Independent Directors shall refrain from doing anything concerning the day-to-day functioning of the Company and shall limit their role to the suggestions on policy issues and to issues as the Board or any Committee thereof is required to address.
- ii. All Non-Executive Directors including Independent Directors shall abstain from influencing the employees of the Company in conducting their day- to-day activities.
- iii. No Non-Executive Director including Independent Director shall be directly involved in the functioning of appointment and promotion of employees unless specifically so directed by the Board.

D. Confidentiality of information

All Non-Executive Directors including Independent Directors shall ensure that confidentiality is maintained with regard to sensitive information pertaining to the Company, its business, strategies, corporate actions, licenses, intellectual properties and other material information shared with them or acquired by them in carrying out their duties, except that are required to be disclosed under applicable laws or regulations or in legal proceedings.

E. Disclosure of Information

The Non-Executive Directors including Independent Directors shall ensure that:

- i. complete, true, fair, accurate and timely disclosures shall be made;
- ii. declarations especially those relating to the details of the companies, firms in which they or their relatives are deemed to be interested and their dealings in securities of the Company and any changes thereof shall be made; and
- iii. disclosures which are required for filing with statutory/ regulatory authorities and/ or forming part of any disclosures/filings shall be made.

VI. COMPLIANCE WITH APPLICABLE LAWS

In discharge of their duties, the Non-Executive Directors including Independent Directors shall endeavour to ensure that the Company is compliant with all laws, rules, regulations and guidelines as applicable to its business. They shall also abide by the various Codes and Policies adopted by the Company as applicable to them, in compliance with the various statutory and regulatory requirements.

VII. VIOLATION

In the event of any violation, the same shall immediately upon knowledge, be reported to the Chairman of the Company. The Chairman shall, thereafter, inform the Board of Directors of the Company about such violation at their subsequent meeting.

VIII. DECLARATION

All Non-Executive Directors including Independent Directors 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 II**, every year.

IX. AMENDMENTS, MODIFICATION & WAIVERS

The Code shall be reviewed annually or at earlier intervals as may be deemed necessary by the Board of Directors of the Company.

X. DISSEMINATION OF INFORMATION

This Code and any amendments thereto shall be hosted on the website of the Company i.e., www.pnbhousing.com

XI. INTERPRETATION

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder and the SEBI Listing Regulations.

In the event of any conflict between the provisions of this Code and the SEBI Listing Regulations or any other statutory enactments or rules, the provisions of the SEBI Listing Regulations or statutory enactments or rules made thereunder shall prevail over this Code and the part(s) so repugnant shall be deemed to severed from the Code and the rest of the Code shall remain in force.

Schedule IV

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

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 company;
- (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 company 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 company in implementing the best corporate governance practices.

II. Role and functions:

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) scrutinise 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 managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

- (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 or ethics policy;
- (12) act within their 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.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively. The Board and Nomination and Remuneration Committee shall follow a transparent process to identify and evaluate candidates for the position of a new Independent Director from a slate put together with the help of properly selected professional advisors.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

- (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, 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 company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause(45) of section 2 of the Companies Act,2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companie

DECLARATION

To,

The Company Secretary
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan,
22, K G Marg, Connaught Place, New Delhi – 110 001

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 Non-Executive Directors including Independent Directors of the Company, from time to time, or any policies or legal/ regulatory requirement of the Company, directly or indirectly applicable to my job or responsibility.

Signature:

Name:

Designation:

Place:

Date:

1. Kindly sign and return this declaration, _____
2. This declaration shall be valid for the Financial Year _____