



## **CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND MANAGEMENT**

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### **I. PURPOSE OF THE CODE**

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 represents a set of desirable, corporate-governance practices to be adopted by the Bank. The Code takes into account the relevant statutory and SEBI/stock exchange listing requirements and Reserve Bank of India (RBI) directives and other guidelines under the Companies Act 2013. 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.

### **II. CORPORATE OBJECTIVE OF THE BANK**

Good corporate governance practices help support and strengthen corporate actions aimed at achieving the corporate objective. The Bank's principal corporate objective, like that of any corporate business entity, is to perpetuate its business while protecting and enhancing, over the long term, the value of the investments of its shareholders in the Bank.

**Definitions-** In this Code of Corporate Governance the following terms shall have the meaning noted herein

1. Chairman shall include Non-Executive/Part Time Chairman
2. Managing Director & Chief Executive Officer (MD & CEO) shall mean the senior most executive position.
3. Management shall include MD&CEO, Executive Director(s), and Executive Management, and such other members of the Executive Committees. (Executive management include all members of management one level below the executive directors including all functional heads)
4. SEBI-LODR Regulations, 2015 shall mean, Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015
5. Independent Directors shall include non-executive Directors, who, apart from receiving remuneration as Directors of the Bank, do not have any other material pecuniary relationship or transactions with the Bank, its management or any subsidiaries, which in the judgment of the Board may affect the independence of the Directors and satisfies such other criteria of independence as contained in the Companies Act, 2013/ SEBI-LODR, Regulations 2015)

### **III. BOARD OF DIRECTORS**

The primary responsibility for good corporate governance of the Bank rests with its Board of Directors, more so since a large majority of the Bank's ownership is largely dispersed among thousands of shareholders resulting in virtual separation of ownership and management. 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.

In discharging this onerous responsibility, the Board has necessarily to rely on the Bank's executive management (i.e., the Managing Director & Chief Executive Officer, and senior officers with executive functions, whether or not members on the Board) and also the employees of the Bank for assistance and information. Accordingly, the Board expects the executive management to provide it with correct, timely, sufficient, and meaningful information on various aspects of the Bank as would enable the Board to perform its role effectively. The non-executive Directors shall have full access to the Bank's executive and senior management, but will ensure that such contacts do not distract the executives from the Bank's business operations.

#### **A. Functions of the Board of Directors**

The main functions of the Bank's Board includes the following and is in line with the requirements of Reserve Bank of India, Companies Act, 2013 and Listing Agreement, as amended from time to time:

1. to guide, approve, and review the Bank's corporate objectives; competitive position and strategy; operational, financial, personnel, and other policies; and operational goals, and business plans;
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 & 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;
4. to review the utilisation and development of the Bank's human resources;
5. to ensure that appropriate internal control systems, including those relating to accounting, financial management, risk exposure and management, and statutory and regulatory compliance, are in place and are effective;
6. to monitor the adequacy and integrity of the accounting and financial reporting systems and the internal (including concurrent) audit and inspection functions;
7. to recommend to shareholders appointment and replacement of the external auditors, and interact with the auditors on their findings and concerns;
8. to oversee disclosure to shareholders and regulatory and other governmental authorities;
9. to review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments;
10. to monitor the effectiveness of Bank's governance practices and making changes as needed;
11. to select, compensate, monitor and, when necessary, replacing key managerial personnel and overseeing succession planning;
12. aligning key managerial personnel and remuneration of board of directors with the longer term interests of the Bank and its shareholders;
13. 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;
14. 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;

15. to ensure the integrity of Bank's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
16. to oversee the process of disclosure and communications;
17. 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.

## **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 key managerial 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. The Board of Directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of Bank's focus.
8. 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.
9. Members of the Board of Directors shall be able to commit themselves effectively to their responsibilities.
10. 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.
11. In order to fulfil their responsibilities, members of the Board of Directors shall have access to accurate, relevant and timely information.

## **C. Role of Chairman**

### **The Chairman (with the Board)**

- Board leadership
- Provide input into strategy formulation and shaping as a Board Member
- Challenge performance targets as a Board Member

- Monitor overall performance of the Bank, in consideration with the MD
- Plan succession of top management

### **Principal responsibilities**

- Run the board and set its agenda taking full account of the issues and concerns of all board members. Agendas should be forward-looking and concentrate on strategic matters
- Ensure that the members of the board receive accurate, timely, and clear information
- Manage the board to ensure that sufficient time is allowed for discussion of complex or contentious issues and encourage active participation by all members of the Board
- Take the lead in providing a properly constructed induction program for new directors that is comprehensive, formal, and tailored, facilitated by the company secretary
- Take the lead in identifying and meeting the development needs of individual directors
- Ensure that the performance of individuals and of the Board as a whole and its Committees are evaluated at least once a year

### **Indicators of an effective chairman**

- Upholds the highest standards of integrity and probity
- Promotes effective relationships and open communication, both inside and outside the boardroom
- Builds an effective and complementary board, initiating change and planning succession in board appointments
- Promotes the highest standards of corporate governance and seek compliance with the code wherever possible
- Ensures effective implementation of board decisions

## **D) Criteria for Appointment of Directors**

### **a) Qualifications, Experience and knowledge**

1. The Board should bring to their tasks a balanced mix of knowledge, skills, experience, and judgment relevant to the Bank's policies, operations, and needs. Not less than fifty-one percent of the total number of Directors shall be persons having special knowledge, skills, or valuable experience in one or more fields, such as banking, finance, management, economics, law, accountancy, agriculture and rural economics, cooperative movement, trade, industry, infrastructure, engineering, and technology. At least two Directors shall be persons having special knowledge or practical experience in agriculture and rural economy, cooperation, or small-scale industry. The Bank shall ensure to include in its Board need based representation of skills such as marketing, technology & systems, risk management, strategic planning, treasury operations, credit recovery etc.
2. The directors should be able to devote sufficient time and attention to the discharge of their duties to the Bank.
3. The directors shall preferably be in the range of 35-70 years

### **b) Disqualification/Conflicts of interest**

1. The Bank's Directors shall be subject to the disqualifications/prohibitions contained in the Companies Act 2013 and the Banking Regulation Act 1949 with respect to directorship of companies in general or banking companies in particular.
2. A Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank. A Director shall promptly inform the Board/committee of any actual or potential conflicts of interest with respect to any matter that

may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

**c) suggested criteria for determining attributes of a director as required to be specified under Companies Act, 2013 include**

1. integrity in personal and professional dealings.
2. wisdom and ability to take appropriate decisions.
3. ability to read and understand financial statements
4. ability to deal with others with a sense of responsibility, firmness, and cooperation.
5. refrain from any action that would lead to loss of his independence.

**d) suggested criteria for determining Independence of a director**

The criteria of independence of a director are determined based on the conditions specified in Section 149 (6) of the Companies Act, 2013 and SEBI-LODR Regulations, 2015.

The independent 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 circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

**e) Other Directorships**

A Director shall not be a member of more than ten committees, or chair more than five committees, of companies, including the Bank, of which he is a director (For the purpose of reckoning the limit under this sub-clause, Chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee of all public companies alone shall be considered). Every Director shall promptly inform the Bank of any appointment of the Director as a director of another company, or as a member or the chairman of any committee of any of the other companies, and of any changes in such membership/chairmanship. A Director cannot hold directorship in more than 20 companies at the same time and out of this he cannot be director of more than 10 public companies as per Companies Act, 2013.

A person shall not serve as an independent director in more than seven listed entities. Provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three listed entities.

**E) Duties of Directors**

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 and shall exercise independent judgment.
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.

**F) Attributes suggested for Independent Directors**

**Attributes on 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 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.

#### **G) 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. 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.

#### **H) Duties of Independent Directors:**

The independent directors shall—

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, but should attend at least half the number of meetings of the Board and of committees of which they are members;
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 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 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.

**I) 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. review the performance of non-independent directors and the Board as a whole;
  - b. review 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.

**J) Obligations with respect to directors and senior management.**

1. All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.
2. Non-executive directors 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
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 listed entity at large.

**K) Performance evaluation of directors**

As per Companies Act, 2013 the Board report, should include a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Nomination and Remuneration committee of the Board to carry out evaluation of every director's performance and based on the evaluation recommend to the Board their appointment and removal



**Schedule IV Section VIII** envisages that the performance evaluation of Independent Directors shall be done by the entire Board and re-appointment shall be decided on the basis of evaluation report.

**The following evaluations are envisaged and have to be carried out as per various regulatory requirements**

- i. Evaluation by the Board of its own performance and that of its Committees
- ii. Performance evaluation of every director by Nomination and Remuneration Committee
- iii. Performance evaluation of Chairman and non-independent directors by independent directors
- iv. Performance evaluation of independent directors by the entire Board.

One of the key functions of the Board includes, monitoring and reviewing Board Evaluation framework.

**Criteria for Performance evaluation**

As per the Listing Agreement the Nomination Committee should lay down the evaluation criteria for performance evaluation of Independent Directors (IDs). The Bank has to disclose the criteria for performance evaluation in the Annual Report.

**1. The criteria for evaluation of Board shall include:**

- i) Board is of appropriate size and has the appropriate balance and diversity of background, business experience, industry knowledge, skills and expertise in areas vital to the Bank's success given its current and future position.
- ii) New board members participate in an orientation program to educate them on the organization, their responsibilities, and the organization's activities.
- iii) The division of responsibility among the Board committee ensures focus on organisations functioning and effectiveness in decision making rather than duplication of efforts.
- iv) The Board oversees management's procedures for enforcing the organization's code of conduct.

**2. The criteria for evaluation of Committees of Board shall include:**

- i) The Committee Terms of Reference and composition continues to be appropriate.
- ii) Committee meetings are organized properly in number, timing and location.
- iii) The Committee is effective in carrying out its mandate.
- iv) The Committee members receive adequate material in advance of Committee meetings, in sufficient time and detail to permit members to effectively consider issues to be dealt with.

**3. The criteria for evaluation of Independent Directors shall include:**

- i) Attendance at the Board and Committee Meetings
- ii) Study of agenda in depth prior to meeting and active participation at the meeting.
- iii) Contributes to discussions on strategy as opposed to focus only on agenda.
- iv) Participate constructively and actively in the Committees of the Board in which they are chairpersons or Members.
- v) Exercises his/her skills and diligence with due and reasonable care and brings an independent judgement to the Board.

**4. The criteria for evaluation of Non-Independent Directors shall include:**

- i) Achievements of performance against targets set
- ii) Appraises the Board regarding the organization's financial position and operational budget so as to enable the Board to make informed financial decisions.
- iii) Provides Leadership in developing strategies and organizational plans with the management and the Board of Directors

- iv) Ensures that the Board is kept informed about all issues concerning the Bank.
- v) Media interaction and ability to project positive image of the Bank.

**5. The criteria for evaluation of Chairperson shall include:**

- i) Works effectively with the Board as a whole.
- ii) Ability to elicit inputs from all Board Members and steer the discussions to a logical conclusion.
- iii) Works with the Board and directs the management for creating an effective process for long-range or strategic planning for the Bank
- iv) Handling of critical situations concerning the Bank
- v) Thinks strategically to promote growth, improve financial performance and gain competitive advantage.

**6. The criteria for assessment of flow of information shall include:**

- i) The agenda and related information are circulated in advance of meetings to allow board members sufficient time to study and understand the information.
- ii) Written materials provided to board members are relevant and concise.
- iii) Information on the annual operating plans and budgets and other updates are provided to the Board.
- iv) Information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary are placed before the Board.

**L) Remuneration of Directors**

1. The Board shall determine the remuneration and terms of appointment of the Chairman, the MD & CEO and the Executive Director(s) and the remuneration of the non-executive Directors, based on the Nomination, Remuneration, Ethics and Compensation Committee's, recommendations, subject to RBI approval where necessary.
2. The shareholders approval shall be sought, for the remuneration paid to the Non-Executive Part Time Chairman, the MD & CEO /Executive Directors' remuneration and terms of appointment at the Annual General Meeting immediately following RBI approval.
3. Details of the remuneration of the Chairman, the MD& CEO and other Directors, including the following, shall be disclosed in the Bank's annual report to the shareholders:
  - All elements of the remuneration package, i.e., salary, benefits, bonuses, stock options, pension, sitting fees, etc.
  - Details of fixed component and performance-linked incentives, along with the performance criteria;
  - Service contracts, notice period, severance fees; and
  - Details of any stock options, whether issued at a discount, and the period over which accrued and over which exercisable.

**a) Policy on remuneration to Non-Executive Directors/Independent Directors**

The Policy of the Bank for the payment of remuneration to Non-Executive Directors/Independent Directors of the Bank is explained in the Comprehensive Compensation Policy for Non Executive Directors/Independent Directors (other than Part Time-Chairman)

As required under Banking Regulation Act, 1949 prior approval of RBI is required to give remuneration to Non-Executive Part Time Chairman of the Board.

**b) Policy on remuneration to MD &CEO, Executive Director, Key Managerial Personnel and other employees**

The Compensation Policy of the Bank as approved by the Board contains the policy for payment of remuneration to Executive Directors including MD & CEO, Key Managerial Personnel and for the employees of the Bank.

#### **IV. Disclosure of Information and Executive Management's Responsibilities**

The Bank shall make full, fair, accurate, timely and meaningful disclosures in the periodic reports required to be filed with Government and other regulatory authorities viz., RBI, SEBI, Stock Exchanges, MCA, etc.

The executive management is responsible in general for the following:

- a. The day-to-day operations of the Bank;
- b. Developing, in consultation with the Board where necessary, appropriate policies, strategies, and plans, and implementing Board- approved policies, strategies, and plans; and
- c. The Bank's compliance with applicable statutory and regulatory requirements.

The executive management shall inter alia:

- a. Introduce and maintain appropriate data bases and management information systems that can capture, process, and retrieve information needed for the effective functioning of the Board and the executive management;
- b. Provide the Board and/or Board committees, as appropriate, with correct, timely, sufficient, and meaningful information about: the Bank's operations; risk assessment, exposure and management; financial condition; performance vis-à-vis plans; human resources; statutory and regulatory compliance; and other aspects: and
- c. Promptly inform the Board and/or Board committees, as appropriate, of any market development, business trend, or risk exposure, impairment or loss of the Bank's assets or resources which may have a significant bearing on the Bank's operations or financial condition.
- d. Initiate all actions deemed necessary for proper dissemination of relevant information to the Board of Directors, Auditors and other Statutory Authorities, as may be required by applicable laws, rules and regulations

#### **V. INSIDER TRADING AND SELF-DEALING**

Members of the Board, the management team and employees of the Bank shall not engage in any insider trading in the Bank's shares, or in any self-dealing involving transactions for themselves or for their relatives (as defined in Section 195 of the Companies Act, 2013) or associated persons conflicting with the Bank's interests. Directors shall inform the Board promptly of any purchase or sale of the Bank's shares by them, or by their relatives within their knowledge. Directors shall also inform the Bank of their holdings of the Bank's shares when they join the Board and as at the end of every financial year and also as and when purchase or sale of securities is made.

All Insiders and Designated Persons should adhere to the regulations contained Federal Bank Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and code of Practices and Procedures for Fair Disclosure

#### **Conflict of Interest**

A "conflict of interest" occurs when personal interest of any member of the Board of Directors and of the Management interferes or appears to interfere in any way with the interests of the Bank.

The members of the Management team are expected to devote their total attention to the business interests of the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank or otherwise is in conflict with or prejudicial to the Bank.

All members of the Board of Directors and Management has a responsibility to the Bank, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it is expected that they avoid situations where a conflict of interests might occur or appear to occur, and they are expected to perform their duties in a way that they do not conflict with the Bank's interests such as;

- a) If any member of the Board of Directors and Management considers investing in securities issued by the Bank's customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to the Bank, which is of utmost importance.
- b) Factors, including the size and nature of the investment; their ability to influence the Bank's decisions; their access to confidential information of the Bank, or of the other entity, and the nature of the relationship between the Bank and the customer, supplier or competitor should be considered in determining whether a conflict exists.
- c) Employing relatives\* or undertaking business with a relative or any entity where relative of a Board member or Senior Management official has a financial interest.

\* The term "Relative" shall be applied on the lines defined under Section 2 (77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

Additionally, they should disclose to the Bank, in advance if known in advance, any interests that they have which may conflict with the business of the Bank.

## **VI. Related Parties**

For better governance the Directors and members of Management should comply with the Bank's Policy on Related Party Transactions as approved from time to time

In case the nature of business is such that a related party transaction is unavoidable, they must fully disclose the nature of the related party transaction to the appropriate authority in advance if it is so known. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party.

In the case of any other transaction or situation giving rise to conflicts of interests, the appropriate authority should after due deliberations decide on its impact, and the decision shall be final.

## **VII. Confidentiality and Fair Dealings**

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 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.

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.

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 to divulge the most sensitive information, only after the said potential business partner has signed a confidentiality agreement with the Bank and only after obtaining the prior permission of the appropriate authorities in the Bank.

The term "confidential information" includes, but is not limited to, non-public information that might be of use to competitors of the Bank, or harmful to the Bank or its customers if disclosed. Every Director and member of Executive Management should be fully compliant with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.

## **VIII. SIGNIFICANT INSTITUTIONAL SHAREHOLDERS**

The Bank shall encourage the development of constructive and sound working relationships with any significant institutional shareholders (i.e., those holding at least 3% of the Bank's issued and paid-up Share Capital). This may be achieved through systematic contacts at the executive management level with the institutions, and exchange of information and views with them on the Bank, on a need base. The shareholders shall be free to inform the executive management or the Board of any aspect of the Bank's performance, which gives them cause for concern, or offer suggestions for improving the Bank's performance.

## **IX. COMMUNICATIONS WITH OUTSIDERS**

As a general rule, the Chairman should speak for the Board and the MD & CEO for the management, especially in communicating with the public, the media, customers, securities analysts, shareholders, and regulatory authorities. However, individual Directors may be asked or authorised by the Board to communicate with parties involved with or interested in the Bank.

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.

## **X. Applicable Laws**

This code of Corporate Governance shall be applicable to all the members of the Board of the Bank and all the employees of the Bank.

The Directors of the Bank and Management must comply with applicable laws, regulations, rules and regulatory orders. They should report any inadvertent non-compliance, if detected subsequently, to the concerned authorities.

## **XI. Gifts and Entertainment**

Accepting Gifts and entertainment- General Principles

In general, no employee/ Director should accept gifts - anything of value of more than Rs. 10,000/- from current or prospective customers or suppliers.

## **XII. Giving gifts and entertainment - Bribery and corruption**

Bribery/Corruption is defined as the receiving or offering of an undue reward to any third party.

No person (employee of the Bank/ Director) must make any payment to or for anyone for the purpose of obtaining or retaining business or for obtaining any favourable action. If anyone is found to be involved in making such payments, they would be subject to disciplinary action as well as potential civil or criminal liability for violation of the Code.

No person (employee of the Bank/ Director) should offer or give any funds or property as donation to any government agency or its representatives, in order to obtain any favourable performance of official duties.

## **XIII. 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 Management must be approved in writing by the Board of Directors of the Bank.

The matters covered in this Code of Conduct are of the utmost importance to the Bank, its stakeholders and its business partners, and are essential to the Bank's ability to conduct its business in accordance with its value system.

*Note:* In this Code, words of the masculine include the feminine.

## **XIV. Review of the Code**

The Code including the terms of reference /charter of Board/Committees of Board shall be reviewed on a yearly basis.

## **XV. Annual Declaration**

As required under Regulation 17(5) and 26(3) of SEBI-LODR Regulations, 2015 all Board members and Senior Management personnel shall affirm compliance with this Code on an annual basis to the Company Secretary or any other person authorized by the Board in this regard.

Declaration signed by the MD &CEO have to included in the Annual Report of the Bank stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

## **ACKNOWLEDGMENT ( to be given by Board members and the Management officials)**

I, \_\_\_\_\_, have read and understood the Bank's Code of Conduct (the "Code") for the Board of Directors and the Management.

I hereby undertake to comply with the standards and policies contained in the Code and other policies or laws specific to my responsibilities to the Bank.

Signature

Date