**Code of Conduct for Board Members and Senior Management Personnel of a Financial Institution**

**I. Need and Objective of the Code**

This Code of Conduct is established for all members of the Board of Directors and Senior Management, suitably incorporating the duties of independent directors as laid down in relevant corporate legislation. The institution is committed to conducting its business and dealings with all stakeholders in a professional manner, giving utmost importance to ethical standards and compliance with all applicable laws, rules, and regulations. The emphasis in adopting this Code is on its substance and spirit, rather than merely its form. This Code applies to Directors on the Board and Senior Management, covering top executives (including the Managing Director & CEO), Chief Financial Officer, Chief Compliance Officer, Company Secretary, Chief Risk Officer, Chief Information Security Officer, and all executives at the Deputy General Manager level and above.

**II. Institution's Belief System**

This Code sets forth the guiding principles for the institution's operations and daily business with its diverse stakeholders, government and regulatory agencies, media, and other connected parties. It acknowledges that the institution acts as a trustee and custodian of public funds, and to fulfill its fiduciary obligations, it must maintain and continuously earn public trust and confidence. The institution is committed to upholding the integrity of every transaction and believes that internal honesty and integrity are reflected in external behavior. The institution is dedicated to serving the interests of the countries in which it operates. It is conscious of its reputation among customers and the general public and will strive to sustain and improve it in fulfilling its obligations. The institution will continue to implement customer-centric policies that promote financial prudence.

**III. Philosophy of the Code**

The Code anticipates and expects:

* Adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships.
* Full, fair, accurate, sensible, timely, and meaningful disclosures in periodic reports required to be filed with government and regulatory agencies.
* Compliance with applicable laws, rules, and regulations.
* Measures to address misuse or misapplication of the institution's assets and resources.
* The highest level of confidentiality and fair dealing, both internally and externally.

**A. General Standards of Conduct**

The institution expects all Directors and members of Senior Management to exercise good judgment, ensure the interests, safety, and welfare of customers, employees, and other stakeholders, and maintain a cooperative, efficient, positive, harmonious, and productive work environment and business organization. Directors and Senior Management must act honestly and with due diligence in discharging their duties. They are expected to exercise the utmost care and prudence, as an ordinary person would in their own business. These standards apply while working on the institution's premises, at offsite business locations (domestic or international), at institution-sponsored events, or any other place where they represent the institution.

**B. Conflict of Interest**

A "conflict of interest" arises when the personal interest of any Board member or Senior Management member interferes or appears to interfere with the institution's interests. Every Board member and Senior Management member has a responsibility to the institution, its stakeholders, and to each other. While this does not prevent personal transactions and investments, it requires avoiding situations where a conflict of interest might occur or appear to occur. Duties should be performed in a way that does not conflict with the institution's interest, such as:

* **Employment/Outside Employment:** Senior Management members are expected to dedicate their full attention to the institution's business interests. They are prohibited from engaging in activities that interfere with their performance or responsibilities to the institution, or that conflict with or are prejudicial to the institution.
* **Business Interests:** If any Board member or Senior Management member considers investing in securities issued by the institution's customer, supplier, or competitor, they must ensure these investments do not compromise their responsibilities to the institution. Factors like investment size, ability to influence decisions, access to confidential information, and the nature of the relationship should be considered to determine if a conflict exists. Any potential conflicting interest must be disclosed to the institution.
* **Related Parties:** Generally, Directors and Senior Management members should avoid conducting banking business with a relative or any associated person/firm/company/association in which a relative or other person holds a significant role. Exceptions include opening deposit accounts and accepting deposits at permitted interest rates, and granting advances against specific securities (fixed deposits, LIC policies, government securities, casual cheque purchases up to a specified amount, and housing/car loans under general employee schemes). Relatives include: Spouse, Members of Hindu Undivided Family, Father, Mother (including step-mother), Son (including step-son), Son's wife, Daughter (including step-daughter), Daughter's husband, Brother (including step-brother), Brother's wife, Sister (including step-sister), Sister's husband, Brother (including step-brother) of the spouse, Sister (including step-sister) of the spouse. If a related party transaction is unavoidable, its nature must be fully disclosed to the appropriate authority. Dealings with related parties must avoid preferential treatment. Directors and Key Managerial Personnel (KMPs) must comply with the institution's Policy on Related Party Transactions. Other conflict-of-interest situations will be decided by the appropriate authority after due deliberation.

**C. Applicable Laws**

The institution requires all Directors and Senior Management members to be fully compliant with applicable laws, statutes, rules, regulations, and regulatory orders. Any inadvertent non-compliance detected subsequently must be reported to the concerned authorities. Compliance with regulations related to Know Your Customer (KYC) and Anti-Money Laundering (AML) is critical for the integrity of operations, and strict adherence to guidelines is a prerequisite. Utmost diligence is required in establishing customer antecedents during onboarding, and appropriate oversight must be maintained over customer account operations to detect suspicious transactions.

**D. Disclosure Standards**

The institution will make full, fair, accurate, timely, and meaningful disclosures in periodic reports required by Government and Regulatory agencies. Senior Management members will initiate all necessary actions for proper dissemination of relevant information to the Board of Directors, Auditors, and other Statutory Agencies, as required by applicable laws, rules, and regulations.

**E. Use of Institution's Assets and Resources**

Each Board member and Senior Management member has a duty to advance the institution's legitimate interests when dealing with its assets and resources. They are prohibited from:

* Using corporate property, information, or position for personal gain.
* Soliciting, demanding, accepting, or agreeing to accept anything of value from any person while dealing with the institution's assets and resources.
* Acting on behalf of the institution in any transaction where they or their relatives have a significant direct or indirect interest.

**F. Confidentiality and Fair Dealings**

**1. Institution's Confidential Information** The institution's confidential information is a valuable asset. This includes trade-related information, trade secrets, confidential and privileged information, customer information, employee information, business plans and strategies, customer data, marketing plans, potential acquisitions and divestments, data center information, passwords, computer programs and software, strategies, administration, research, and commercial, legal, scientific, and technical data provided to or made available to Board members and Senior Management, or accessible by virtue of their position. All confidential information must be used only for the institution's business purposes. This responsibility includes safeguarding, securing, and properly disposing of confidential information according to the institution's record management policy. This obligation extends to confidential information of third parties rightfully received under non-disclosure agreements.

Confidential information may be disclosed to potential business partners after considering benefits and risks. Highly sensitive information should only be divulged after a confidentiality agreement is signed and with prior permission from appropriate authorities within the institution.

**2. Other Confidential Information** The institution has various business relationships where confidential information (e.g., about products or business plans) may be volunteered by third parties to encourage a relationship, or requested by the institution to evaluate a potential relationship. Board members and Senior Management must handle confidential information from others responsibly. Such information should be handled according to agreements with those third parties.

**IV. Good Corporate Governance Practice**

Board members and Senior Management invited to participate in Board meetings must adhere to the following for good Corporate Governance:

**a. Dos**

* Attend Board meetings regularly and participate effectively.
* Study Board papers thoroughly and inquire about follow-up reports.
* Actively involve in formulating general policies.
* Be familiar with the institution's broad objectives and policies laid down by the Government and various laws.
* Ensure confidentiality of the institution's agenda papers, notes, and minutes.
* Help create and maintain a culture of high ethical standards and commitment to compliance.

**b. Don'ts**

* Do not interfere in the day-to-day functioning of the institution (except for Senior Management).
* Do not reveal information about any constituent of the institution to anyone.
* Do not display the institution's logo/distinctive design on personal visiting cards/letterheads.
* Do not sponsor proposals related to loans, investments, buildings/sites for premises, enlistment/empanelment of contractors, architects, auditors, doctors, lawyers, and other professionals.
* Do not use the institution's property or position for personal gain.
* Do not engage in activities that interfere with or are subversive to maintaining staff discipline, good conduct, and integrity.

**V. Board of Directors**

**A. Functions, Roles and Responsibilities of Board of Directors**

A Director is part of the Board, which is responsible for the superintendence, control, and direction of the company's affairs. The Board has ultimate responsibility for the institution's overall management and guides it to achieve objectives prudently and efficiently. The Board is primarily responsible for ensuring all financial transactions are legal and disclosures meet regulations. Non-Executive/Independent Directors will execute the 'Deed of Covenant' as per relevant reports and guidelines. All Directors and Senior Management must annually affirm compliance with the Code of Conduct , and the Annual Report will contain a declaration to this effect.

Main functions/responsibilities of the Board include:

1. Acting in accordance with the company's articles.
2. Maintaining high ethical standards and acting in good faith to promote the company's objects for the benefit of its stakeholders.
3. Ensuring governance principles comply with all relevant laws, regulations, and codes.
4. Setting business policies in consultation with Management.
5. Providing strategic guidance for policy implementation and structuring a management information system for review and course correction.
6. Appointing and replacing the Chairman, Managing Director & CEO, and Executive Vice Presidents; determining their compensation; counseling on important issues; overseeing performance; and planning succession.
7. Ensuring proper implementation of business and other policies, including:
   * Establishing appropriate systems to regulate risk appetite and profile, enabling identification and measurement of significant risks to develop an effective risk management system.
   * Ensuring supervisory/regulatory directions are submitted and recommendations used in assessing senior management performance.
   * Ensuring IT systems are appropriate with built-in checks and balances for data integrity.
   * Formulating, adopting, and reviewing various policies prescribed by statutory authorities.
   * Setting Standards of Business Conduct and Ethical Behavior for members and Senior Management.
   * Ensuring a robust compliance system for all applicable laws and regulations.
   * Prescribing forms and frequency of reporting to the Board for each responsibility area.
8. Setting up a sound system of internal controls and audit (Financial, operational, Compliance) and annually reviewing their effectiveness.
9. Monitoring financial performance and ensuring financial results are prepared according to accepted accounting principles and reported to shareholders and regulators timely.
10. Ensuring all material developments are disclosed to the public timely per listing regulations.
11. Delegating responsibilities to Empowered Committees of Directors while retaining primary accountability.
12. Disclosing material interest in transactions directly affecting the institution.
13. Having access to accurate, relevant, and timely information.
14. Exercising due and reasonable care, skill, diligence, and independent judgment.
15. Ensuring a transparent nomination process to the board with diversity of thought, experience, knowledge, perspective, and gender.
16. Monitoring and managing potential conflicts of interest of management, board members, and shareholders, including misuse of corporate assets and abuse in related party transactions[cite: 108].
17. Avoiding undue gain or advantage for themselves or relatives, partners, or associates.
18. Executing other duties defined under the institution's Articles of Association and applicable laws/regulations.
19. Disclosing all relevant information necessary for compliance with applicable laws.

**Duties of Directors**

1. Act in good faith and according to the Articles of Association to promote the institution's objects for the benefit of its members, employees, shareholders, community, and environmental protection.
2. Exercise duties with due and reasonable care, skill, diligence, and independent judgment.
3. Not involve in situations where direct or indirect interests conflict, or possibly may conflict, with the institution's interest.
4. Not achieve or attempt undue gain for themselves or their relatives, partners, or associates; if guilty, liable to pay an amount equal to that gain to the company.
5. Not assign their office; any such assignment shall be void.

**B) Role and Responsibilities of the Non-Executive Chairman**

The Chairman of the Board shall be Non-Executive and hold office as per the Articles of Association and relevant guidelines. In addition to the functions applicable to the Board as a whole, the Chairman is responsible for:

* Providing leadership to the Board and ensuring its effective overall functioning and maintaining trust among Board members.
* Facilitating smooth and effective meetings to enable the Board to provide overall policy direction in key areas like business strategy, risk management, audit, governance, and human resources.
* Chairing Board meetings and setting agendas, ensuring they are forward-looking and focus on strategic matters.
* Ensuring Board members receive accurate, timely, and clear information.
* Ensuring Board decisions are sound, well-informed, and properly recorded.
* Encouraging critical discussion and ensuring dissenting views are expressed and discussed.
* Promoting and ensuring appropriate checks and balances in agenda item decisions.
* Overseeing disclosure and communications.

**C) Role and Responsibilities of the Managing Director and Chief Executive Officer**

The Managing Director & CEO is entrusted with the management of the whole or substantially the whole of the institution's affairs, subject to the Board's superintendence, control, and direction. This makes the MD & CEO individually, and the Board collectively, responsible for the institution's performance. The MD & CEO is the Principal Officer and bound to manage the institution's affairs as per the Articles of Association. They must possess qualifications, knowledge, and experience as per relevant acts and rules.

Major roles and responsibilities include:

* Overseeing the institution's risk profile.
* Monitoring the integrity of business and control mechanisms.
* Achieving financial/business targets prescribed by the Board.
* Developing and managing/executing business plans, operational plans, risk management, and financial affairs.
* Displaying leadership qualities, anticipating business trends, opportunities, capital requirements, and priorities affecting prosperity and operations.
* Developing policies and strategic plans aligned with the institution's vision and mission, balancing the needs of shareholders, clients, employees, and other stakeholders.
* Establishing an effective organization structure to ensure management focus on key functions.
* Managing relationships with the Board, Shareholders, management team, regulators, industry representatives, and other stakeholders.
* All other duties entrusted by the Articles of Association and applicable laws/regulations.

**D) Role and Responsibilities of Whole-Time Directors and Material Risk Takers**

Given the complexity of the financial sector, the Board requires Whole-Time Directors (WTDs) in addition to the MD & CEO. WTDs must possess qualifications, knowledge, and experience as per relevant acts and rules. They hold office as per the Articles of Association and applicable guidelines.

Major roles and responsibilities include:

* Overseeing the institution's risk profile.
* Monitoring the integrity of business and control mechanisms.
* Achieving financial/business targets prescribed by the Board.
* Developing and executing business plans, operational plans, risk management, and financial affairs.
* Displaying leadership qualities, anticipating business trends, opportunities, capital requirements, and priorities affecting prosperity and operations.
* Developing policies and strategic plans aligned with the institution's vision and mission, balancing the needs of shareholders, clients, employees, and other stakeholders.
* Establishing an effective organization structure to ensure management focus on key functions.
* Developing, in consultation with the Board where necessary, appropriate policies, strategies, and plans, and implementing Board-approved policies, strategies, and plans.
* All other duties entrusted by the Articles of Association and applicable laws/regulations.

**E). Roles and Responsibilities and duties of Independent Directors**

Independent directors bring valuable experience and play an important role in Board deliberations, especially on strategy, performance, risk management, resources, key appointments, and conduct standards. They represent shareholders and other stakeholders.

An independent director shall:

1. Uphold ethical standards of integrity and probity.
2. Act objectively and constructively.
3. Exercise responsibilities in good faith in the institution's interest.
4. Devote sufficient time and attention to professional obligations for informed decision-making.
5. Not allow extraneous considerations to vitiate objective independent judgment, especially when concurring with or dissenting from Board decisions.
6. Not abuse their position to the detriment of the institution or shareholders, or for personal advantage.
7. Refrain from actions leading to loss of independence.
8. Immediately inform the Board if circumstances cause loss of independence.
9. Assist the institution in implementing best corporate governance practices.

**F) Role and functions of Independent Directors**

Independent directors shall:

1. Help bring independent judgment to Board deliberations, especially on strategy, performance, risk management, resources, key appointments, and standards of conduct.
2. Bring an objective view in evaluating Board and management performance.
3. Scrutinize management performance in meeting goals and objectives, and monitor performance reporting.
4. Satisfy themselves on the integrity of financial information and robustness of financial controls and risk management systems.
5. Safeguard the interests of all stakeholders, particularly minority shareholders.
6. Balance conflicting stakeholder interests.
7. Determine appropriate remuneration for executive directors, KMPs, and senior management, and have a prime role in their appointment and removal.
8. Moderate and arbitrate in the institution's interest in conflict situations between management and shareholders.

**G) Duties of Independent Directors**

Independent directors shall:

1. Undertake appropriate induction and regularly update their skills, knowledge, and familiarity with the institution.
2. Seek clarification/amplification of information, and where necessary, take professional advice from outside experts at the institution's expense.
3. Strive to attend all meetings of the Board and Board committees of which they are members.
4. Participate constructively and actively in Board committees where they are chairpersons or members.
5. Strive to attend general meetings of the institution.
6. If they have concerns about the institution's running or proposed actions, ensure these are addressed by the Board, and if unresolved, insist they are recorded in meeting minutes.
7. Keep themselves well-informed about the institution and its external environment.
8. Not unfairly obstruct the functioning of a proper Board or committee.
9. Pay sufficient attention and ensure adequate deliberations before approving related party transactions, ensuring they are in the institution's interest.
10. Ascertain and ensure the institution has an adequate and functional vigil mechanism, protecting those who use it from prejudice.
11. Report concerns about unethical behavior, actual or suspected fraud, or violations of the institution's code of conduct or ethics policy.
12. Acting within authority, assist in protecting the legitimate interests of the institution, shareholders, and employees.
13. Not disclose confidential information (commercial secrets, technologies, advertising/sales promotion plans, unpublished price sensitive information) unless expressly approved by the Board or required by law.

**VI) Separate Meetings**

1. Independent directors shall hold at least one meeting annually without non-independent directors and management present.
2. All independent directors should strive to be present at such meetings.
3. The meeting shall:
   * Review the performance of non-independent directors and the Board as a whole.
   * Review the performance of the Chairperson, considering views of executive and non-executive directors.
   * Assess the quality, quantity, and timeliness of information flow between management and the Board necessary for effective performance.

**VII) Senior Management’s Key Responsibilities and Disclosure of Information** Senior Management shall be responsible for:

1. Annually affirming compliance with the code of conduct.
2. Non-executive directors disclosing their shareholding (beneficial or direct) in the institution where they are proposed as directors, in the appointment notice.
3. Disclosing to the board all material, financial, and commercial transactions where they have personal interest that may conflict with the institution's interest.
4. Making full, fair, accurate, timely, and meaningful disclosures in periodic reports required by Government and other regulatory authorities.
5. Day-to-day operations assigned to the executive.
6. Developing, in consultation with the Board where necessary, appropriate policies, strategies, and plans, and implementing Board-approved policies, strategies, and plans.
7. The institution's compliance with applicable statutory and regulatory requirements.
8. Introducing and maintaining appropriate databases and management information systems to capture, process, and retrieve information needed for effective Board and executive management functioning.
9. Providing the Board/Board committees with correct, timely, sufficient, and meaningful information about operations, risk assessment/management, financial condition, performance, human resources, statutory/regulatory compliance, and other aspects.
10. Promptly informing the Board/Board committees of any market development, business trend, risk exposure, impairment, or loss of assets/resources that may significantly affect operations or financial condition.
11. Initiating all necessary actions for proper dissemination of relevant information to the Board of Directors, Auditors, and other Statutory Authorities as required.
12. Intimating materiality of events/information as per relevant regulations and the institution's Policy for determination of materiality.
13. Disclosing all information relevant and necessary for the institution to ensure compliance with applicable laws.

**VIII) Communications with Outsiders**

Generally, the Chairman should speak for the Board and the MD & CEO for management, especially in communicating with the public, media, customers, securities analysts, shareholders, and regulatory authorities. Individual Directors may be asked or authorized by the Board to communicate with interested parties. Any publicly made statement attributable to the institution, made outside appropriate authority, should include a disclaimer stating it represents the author's views, not the institution's.

**IX) Gifts and Entertainment**

Directors and Senior Management members shall not accept any offer, payment, promise to pay, or authorization to pay money, gifts, or anything of value from customers, suppliers, shareholders/stakeholders, etc., that is perceived as intended to directly or indirectly influence any business decision, act or failure to act, commission of fraud, or opportunity for fraud.

**X) Anti-Corruption and Bribery**

The institution has zero tolerance towards all forms of bribery and is sensitive to this aspect in dealings with various entities. It prohibits offering, promising, giving, or authorizing others to give anything directly or indirectly to any person or entity. Under no circumstances may anything of value be offered, promised, or granted to influence the recipient.

**XI). Waivers**

Any waiver of any provision of this Code of Conduct for a Board member or Senior Management member must be approved in writing by the institution's Board of Directors. The matters covered are of utmost importance to the institution, its stakeholders, and business partners, and are essential to its ability to conduct business in accordance with its value system.

**XII). Review of the Code**

The Code shall be reviewed on a yearly basis.

**XIII). Annual Declaration**

All Board members and Senior Management personnel shall annually affirm compliance with this Code to the Company Secretary or other authorized person. A declaration signed by the MD & CEO stating that Board members and senior management personnel have affirmed compliance must be included in the institution's Annual Report.

**XIV). Acknowledgment**

Board members and Senior Management Officials will acknowledge that they have received, read, and understood the Code of Conduct. They undertake to comply with the standards and policies contained in the Code and other policies or laws specific to their responsibilities to the institution.