

5. Code of Ethics for Directors

5. CODE OF ETHICS FOR DIRECTORS OF SBI (MAURITIUS) LTD (“the bank”).

Directors’ Code of Ethics

The Directors’ Code of Ethics is as follows:

- a) Compliance at all times with this Code of Ethics and the Board Charter.
- b) Observe high standards of corporate governance at all times.
- c) Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- d) Act in good faith and in the best interests of the Bank.
- e) Not misuse information gained in the course of duties for personal gain or for political purposes, nor seeks to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organizations.
- f) Uphold accountability at all times. This includes ensuring that the Bank’s resources are properly safeguarded and the Bank conducts its operations as economically, efficiently and effectively as possible at all time.
- g) Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
- h) Directors should take steps to ensure that
 - (a) the Bank promotes ethical behavior;
 - (b) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation;
 - (c) encourages employees to report violations of laws, rules, regulations or the Company's Code of Ethics and Business Conduct to appropriate personnel.
- i) Declaration of any personal, professional or business interests that may conflict with directors’ responsibilities. Guidance on declaration and registration of interests is given in the section entitled “Declaration of Interest” as provided in the Board’s Charter details of which is enclosed under *Annexure 1 paragraph (a)*.
- j) Follow guidelines on acceptance of gifts and hospitality as stated in the section entitled “Guidelines on Acceptance of Gifts” as provided in the Board’s Charter details of which is enclosed under *Annexure 1 paragraph (f)*.

- k) Directors are required to consistently attend Board meetings and devote sufficient time to ensure familiarity with SBIML's business and environment.
- l) Directors should comply and oversee compliance by employees, officers and other directors, with applicable laws and regulations.
- m) Directors should disclose breaches of the Code of Ethics to the Chairperson of the Corporate Governance, Nomination and Compensation Committee.
- n) Investigation must be conducted in case of breaches of the Code of Ethics. The Chairperson shall instruct the Company Secretary or any other person to conduct an investigation and submit a report to the Board for further action as may be deemed appropriate.
- o) Directors are required to endorse a statement that they will abide by the Code of Ethics for Directors at all times during their tenure as Directors at SBIML, copies of which are filed.

ANNEXURE 1

(a) Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following:

1. Shareholding in the Company and its related corporations, whether direct or indirect; and
2. Directorships or interests in any other corporations.

In addition to the above, any director or senior officer of a financial institution who is in any manner whether directly or indirectly, interested in an advance, loan or credit from the financial institution shall –

- Disclose in writing the nature and extent of his interest to the board of directors of the financial institution; and
- Not take part in any deliberation or any decision-making process in relation thereto.

(b) Register of Interests

A formal register of interests should be established. The register should include details of all directorships and other relevant interests declared by Board Members and members of Senior Officers*.

The register should be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary. The Company Secretary should report to the Board any conflict of interest situation identified, if any, for decision.

(c) Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

(d) New Directorships

Board Members should notify the Chairperson before accepting any new directorships in any Public Listed or Private companies which includes an indication of time that will be spent on the new appointment.

(e) Membership of Committees

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

* *Senior Officer*” of a financial institution means –

- (a) the chief Executive officer, deputy chief Executive officer, chief operating officer, chief financial officer, secretary, treasurer, chief internal auditor or manager of a significant business unit of the financial institution; or
- (b) a person with similar position and responsibilities as a person in paragraph (a);

(f) Guidelines of Acceptance of Gifts

The following set out guidelines on acceptance of gifts:

- i. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any or private interest;
- ii. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favor or disfavor to any person or organization having dealings with the Company;
- iii. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
- iv. Gifts other than of token value should generally be refused.

(g) Conflict of Interest and Self-Dealing

Conflicts of interest between Board Members and the customers of the Bank (or their affiliated persons or entities) must be avoided at all times. In other words, Board Members may not use their position, influence or confidential information related to the Bank or their employment for their personal gain.

Conflicts of interest include, but are not limited to, compensating from directorships, with or investments on or with customers of the Bank or employment with the Bank. The following activities are prohibited:

- ✓ Personal investments in a customer's or a supplier's business.
- ✓ Receiving discounts on personal purchases from suppliers or customers because of their business relationship with the Bank.
- ✓ Any conflict of interest must be reported to the Board.

Under Section 7 of the Prevention of Corruption Act 2002, it is an offence for any Board Member to make use of his office or position for gratification for himself or another person. Any member who fails to disclose his direct or indirect interest in a decision which the Bank is to take shall commit a corruption offence under the Prevention of Corruption Act 2002.

The CRRMC has been given the responsibility to review and approve any conflicts of interest and related-party transactions, and for working with the auditor on detecting and reporting related-party transactions.

Identify and Report conflict of interest

A formal register of interests form shall be circulated to all the Board members on an annual basis including disclosure of financial and non financial interest in line with the requirement of section 15,16 & 17 of the BOM Guideline on Related Party Transactions. The Bank shall compile a register of related parties of Directors which include name of their spouse, child, children, parent or ascendant or descendent. In that regards a self declaration from the Board members are required that they or their immediate / close family members have not transacted with the Bank during the year or if there are any change in their directorship / Shareholding.

(h) Proper use of Bank's assets

Directors should protect the Bank's assets and ensure their efficient use. All Bank assets should be used for legitimate purposes.

(i) Fair Dealing

Board Members should endeavour to deal fairly with the Bank's customers, suppliers, competitors and other stakeholder. No member should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

(j) Complying with Laws and regulations

Board Members must respect and comply with all laws, rules, policies, guidelines issued by the Bank and regulations of Mauritius and other countries, cities, and other jurisdictions, in which the Bank conducts its business or which are otherwise applicable to the Bank.

(k) Process for reporting unethical behaviour and decision-making

Board Members can make a report orally or in writing to the Board for appropriate action/ investigation in case of unethical behavior and decision-making.

(l) Limitations on management and remuneration

Where, in the course of the performance of his duties, a director comes across transactions or conditions in a financial institution affecting its well-being and he has reason to believe that –

- (a) there has been or there is likely to be a breach of the banking laws or the Companies Act;
- (b) measures to counter the possibility of money laundering or the funding of terrorist activities in accordance with any enactment have not been or are not being properly implemented;
- (c) guidelines or instructions issued by the central bank have not been or are not being properly followed;
- (d) a criminal offence involving fraud or dishonesty has been, is being or is likely to be committed;
- (e) there may be a conflict of interest or potential conflict of interest; or
- (f) any other serious irregularity has occurred or is about to occur, including any irregularity which is likely to jeopardise the security of depositors and creditors, he shall forthwith inform the central bank accordingly.