

## **Corporate Governance - Code Of Conduct for the Bank's Board of Directors**

### **I. NEED AND OBJECTIVE OF THE CODE**

Clause 26 of SEBI (listing Obligation and Disclosure Requirement) Regulation-2015 and the Listing Agreement entered into with the Stock Exchanges requires, as part of Corporate Governance the listed entities to lay down a Code of Conduct for Directors on the Board of an entity and its Senior Management.

Accordingly the Bank has laid down this Code for its Directors on the Board and its Core Management.

### **II. BANK'S BELIEF SYSTEM**

This Code of Conduct attempts to set forth the guiding principles on which the Bank shall operate and conduct its daily business with its multitudinous stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. It recognises that the Bank is a trustee and custodian of public money and in order to fulfill its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of public at large.

The Bank acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. The Bank shall be committed in all its actions to the interest of the countries in which it operates. The Bank is conscious of the reputation it carries amongst its customers and public at large and shall endeavour to do all it can to sustain and improve upon the same in its discharge of obligations. The Bank shall continue to initiate policies, which are customer centric and which promote financial prudence.

### **III. PHILOSOPHY OF THE CODE**

*The Code envisages and expects –*

The Bank expects all Directors to exercise good judgment, to ensure the interests, safety and welfare of customers, employees and other stakeholders and to maintain a cooperative, efficient, positive harmonious and productive work environment and business organisation. The Directors while discharging duties of their office must act honestly and with due diligence. They are expected duties of their office must act honestly and with due diligence. They are expected to act with that amount of utmost care and prudence, which an ordinary person is expected to take in his/her own business. These standards need to be applied while working in the premises of the Bank, at offsite locations where the business is being conducted whether in India or abroad, at Bank-sponsored business and social events, or at any other place where they act as representatives of the Bank.

- 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 the periodic reports required to be filed by the Bank with government and regulatory agencies.
- compliance with applicable laws, rules and regulations.
- to address misuse or misapplication of the Bank's assets and resources.
- the highest level of confidentiality and fair dealing within and outside the Bank.

#### **A. CONFLICT OF INTEREST**

A "conflict of interest" occurs when personal interest of any member of the Board of Directors or appears to interfere in any way with the interests of the Bank. Every member of the Board of Directors 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 does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the Bank's interest such as:

- **Business Interests** - If any member of the Board of Directors 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. Many 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. Additionally, they should disclose to the Bank any interest that they have which may conflict with the business of the Bank.
- **Related Parties** -As a general rule, the Directors should avoid conducting Bank's business with a relative or any other person or any firm, Company or Association in which the relative or other person is associated in any significant role. Relatives shall include coparceners of the same HUF, spouse and:
  - Father (including step-father)
  - Mother (including step-mother)
  - Son (including step-son)
  - Son's wife
  - Daughter (including step-daughter)
  - Daughter's husband
  - Brother (including step-brother)
  - Sister (including step-sister)

If such a related party transaction is unavoidable, they must fully disclose the nature of related party transaction to the appropriate authority. Any dealing 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 conflict of interests, the appropriate authority should after due deliberations decide on its impact.

## **B. APPLICABLE LAWS**

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

## **C. DISCLOSURE STANDARDS**

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

## **D. USE OF BANK'S ASSETS AND RESOURCES**

Each member of the Board of Directors has a duty to the Bank to advance its legitimate interests while dealing with the Bank's assets and resources. Members of the Board of Directors 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 Bank's assets and resources;
- acting on behalf of the Bank in any transaction in which they or any of their relative(s) have a significant direct or indirect interest.

## **E. CONFIDENTIALITY AND FAIR DEALINGS**

### **1. Bank's Confidential Information**

- 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 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.
- 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.

## **2. Other Confidential Information –**

The Bank has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Bank to enter into a business relationship. At other times, the Bank may request that a third party provide confidential information to permit the Bank to evaluate a potential business relationship with that party. Therefore, special care must be taken by the Board of Directors to handle the confidential information of others responsibly. Such confidential information should be handled in accordance with the agreements with such third parties.

- The Bank requires that every Director should be fully compliant with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.
- Directors shall not accept any offer, payment promise to pay, or authorization to pay any money, gift, or anything of value from customers, suppliers, shareholders/stakeholders, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud.

## **IV. GOOD CORPORATE GOVERNANCE PRACTICES**

Each member of the Board of Directors of the Bank should adhere to the following so as to ensure compliance with good Corporate Governance practices.

**(a) Dos**

- Attend Board meetings regularly and participate in the deliberations and discussions effectively.
- Study the Board papers thoroughly and enquire about follow-up reports on definite time schedule.
- Involve actively in the matter of formulation of general policies.
- Be familiar with the broad objectives of the Bank and the policies laid down by the Government and the various laws and legislations.
- Ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, notes and Minutes.

**(b) Don'ts**

- Do not interfere in the day-to-day functioning of the bank (This stipulation does not apply to Chairperson & Managing Director & Executive Directors).
- Do not reveal any information relating to any constituent of the Bank to anyone.
- Do not display the logo/distinctive design of the Bank on their personal visiting cards/letter heads (This does not prevent the Chairperson & Managing Director, Executive Directors/ Whole Time Directors from using their DO Letterheads or visiting cards / letter heads with BOI's logo thereon ).
- Do not sponsor any proposal relating to loans, investments, buildings or sites for Bank's premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals etc.
- Do not do anything, which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff.

**(C) Duties of Independent Directors:**

Besides following "Dos" and "Don'ts" as mentioned above, the Independent Directors shall also –

- (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 Bank;
- (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 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 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 Bank;
- (10) ascertain and ensure that the Bank 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.

## **V. WAIVERS**

Any waiver of any provision of this Code of Conduct for a member of the Bank's Board of Directors 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.

I have received and read the Bank's Code of Conduct and agree to comply with the same.

Place: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_