

Code of Conduct & Ethics for
Directors and Senior Management
of the Bank



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Karur

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Code of Conduct & Ethics for Directors and Senior Management of the Bank

1. Introduction

The Karur Vysya Bank Limited is a Banking company incorporated in the year 1916. The bank is being run on sound business principles and ethics, and committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of corporate Governance guided by sound ethical values ever since its incorporation.

In order to maintain the high ethical standards in the course of self-regulation as also in compliance of Listing Regulations, Bank has laid down the Code intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Promote ethical values and is the manifestation of the Banks commitment to successful operation of the business in the best interest of the shareholders, creditors, employees and other business associates.

The code prescribes certain standards, which should pave the way for the actions to be taken. The code is not exhaustive to cover each and every issue or situation that may arise or occur, but would guide where the decisions are to be taken on ethical lines.

2. Applicability

The Code applies to the members of the Board (hereinafter referred to as "Directors") and Senior Management Team of the Bank. "Senior Management shall include: 1) Key Managerial Personnel below MD&CEO and WTD as referred to in the Companies Act – Company Secretary, Chief Financial Officer, and shall include Chief General Managers; 2) Heads of Control Functions viz; Head of Internal Audit (HIA), Chief Vigilance Officer, Chief Risk Officer (CRO), Chief Compliance Officer (CCO) and; 3) Functional Heads:- Any head of department reporting to the MD&CEO and Head of Information Technology, Head of Operations Department. 4) All Business Heads in the rank of General Manager."

3. General Standards of Conduct

The Bank expects all Directors and members of the Senior Management to exercise good judgement, 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 and members of the Senior Management while discharging 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 befits the position they are occupying. 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 or purport to act as representatives of the Bank.

4. Philosophy of the Code

The Code envisages and expects the members covered under the code to have highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with the following situations/aspects in relation to the business of the bank and thus maintaining best Corporate Governance Code.

- Conflicts of interest
- Enhanced public disclosures
- Compliance with Laws of land
- Prohibition of trading on inside information
- Protection of Bank's assets and its proper use
- Prohibition of use of business opportunities for personal gain
- Fair dealings and Confidentiality
- Human Resources/Employee Relations
- Health, Safety and environment

5. Conflicts of Interest

The Directors and the Senior Management occupy a fiduciary position and the power available to them in the context of the management of the bank is to be exercised only in such fiduciary capacity. Hence they are expected to work in good faith in the interest of the bank and must not exercise their powers for any collateral purpose.

"Conflict of Interest" occurs when personal interest interferes or appears to interfere in any way with the interests of the Bank. Every Director and Senior Management has a responsibility towards 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.

A person who is covered under this code must not place himself in a position where his duty to the company and his personal interests clash. He must not use his position and business connections for making personal advantage or gains of any nature. In other words he is bound to disregard his own private interests when conflict with official interests by proper discharge of such official duty. He is expected to exercise care and such skill as might reasonably be expected of a person of his knowledge, experience and position. This stipulation arises from the possibility of a person holding a fiduciary position getting swayed by personal interests rather than by duty, and thus he internally within him agreeing to compromise which will jeopardize the interest of the Bank which he is bound to protect.

In the event of an actual or potential conflict of interest between the personal and professional relationship or activities of a director/senior management personnel, he is required to handle the situation in an ethical manner. While performing his duties, he is expected to adhere to and act in accordance with the provisions of the Companies Act, 2013 and/or such other provisions of laws of the Land including the regulations of this code. Specifically, Section 166 of the Companies Act, 2013 mandates that a director of a company 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 company and through this Code, every member of the Senior Management team shall also abide by this duty to avoid putting oneself in situations of conflicts.

All related party transactions entered by the Directors and Senior Management should comply with the provisions of Banking Regulation Act, Companies Act, Listing regulations and related party transactions Policy of the Bank. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party and they must fully disclose the nature of the related party transaction to the appropriate authority as per the regulations.

6. Enhanced Public Disclosures

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 senior 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.

The Bank undertakes to make an effective communication with its shareholders by furnishing all the requisite information with accuracy about the financial aspects and results of its operations.

7. Compliance with the Laws of the Land

The Bank is totally committed in conducting its business dealings by complying with various laws of the country including the rules and regulations of the various regulatory authorities. No director or member of the senior management team shall commit an illegal and unethical act either directly or indirectly for any reason whatsoever. The bank disseminates information in compliance with the laws, rules and regulations that affect its business.

Members of the Board adhere their duties as prescribed in the Banking Regulation Act, provisions of the Companies Act , SEBI Regulations and RBI circular guidelines from time to time and Dos and Don'ts prescribed by RBI in order to ensure compliance with good corporate governance practices.

8. Prohibition of Trading on Insider Information

The Directors and the Senior Management personnel of the bank are prohibited from using the price sensitive information to trade in securities either directly or indirectly. They must learn to understand what constitutes "Unpublished Price Sensitive Information", whether of the Bank or of its customers, and ensure that they do not deal in the securities of the Bank or other entities whose information they hold and they seek access to such information only on "need to know basis" for performing their duties and use or share such information only in the course of performance of their duties on legitimate basis. They should comply with the "Internal Code of Conduct for Prevention of Insider Trading" adopted by the Board.

9. Protection of Bank's Assets and its proper use

Bank's assets should be protected and safe guarded against loss, theft or other misuse. It is the duty of each and every one who is covered under this code to safeguard each and every asset of the bank and prevent its misuse by anyone.

Each member of the Board of Directors and the Senior Management 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 and Senior Management 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.

10. Prohibition of Business Opportunities for Personal Gain

The persons who are covered under this code are prohibited from taking for themselves business opportunities that arise through the use of business property, information and position. No director or Senior Management personnel should compete with the bank.

11. Fair Dealings and Confidentiality

1. Bank's Confidential Information

- The Bank's confidential information is a valuable asset. It includes all Business related information, Business 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 Senior 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.

- 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

- I. 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 and members of the Senior Management to handle the confidential information of others responsibly. Such confidential information should be handled in accordance with the agreements with such third parties.
- II. Directors and the members of Senior Management shall not accept any offer, payment, promise to pay, or authorisation 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.
- III. No one is allowed to make unfair advantage of another person through manipulation, concealment, improper use of privileged information or any other unfair dealing practice.

12. Human Resources/Employee Relations

- a. Directors and Senior Management Personnel should strive for causing the organization to maintain cordial employee relations, mutual respect, integrity and fairness in our dealings. We aspire to be a meritocratic organization wherein employees continuously and consistently strive to demonstrate excellence and initiative, providing employees with the best opportunities to realize their potential and an

environment where diversity is embraced and treat our teammates with respect. They should refrain from favoritism and making business decisions on emotions. As a Bank, we seek to maintain an inclusive diversity of our staff across branches and departments and recruit, develop and retain highly qualified, diverse and dedicated individuals for our workforce. The equal employment opportunity principles are based on fair employment regulations and non-discriminatory practices at workplace.

- b. Directors and Senior Management Personnel should cause the organization to build competency-based human resources systems and maintain human resources policy that has been directed at managing the growth of the organization effectively.

13. Health, Safety and Environment

All the Directors and Senior Management Personnel should cause the organization to strive to provide a safe and healthy working environment and comply, in the conduct of the business affairs of the organization, with all regulations regarding the preservation of the environment of the territory it operates in. The organization should be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any emissions on the ecological environment in accordance with the applicable laws. They should ensure that the organization aware of the potential environmental risks and participates in initiatives to address the environmental issues. Further adopts most efficient management system, prevention of energy waste and utilization of natural resources effectively at its premises and operations.

14. Code specifically applicable to Independent Directors

The Code of Conduct & Ethics is guided by the Code for Independent Directors as mentioned in Schedule IV of Companies Act's and an Independent Director shall:

- i) Undertake appropriate induction and regularly update and refresh his skills, knowledge and familiarity with the Bank;
- ii) Seek appropriate clarification or amplification of information and where necessary, take and follow appropriate professional advice;
- iii) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

- iv) Participate constructively and actively in the committee of the Board in which he is a chairperson or member;
- v) Strive to attend the general meetings of the Bank;
- vi) Where he has concern 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 his concerns are recorded in the minutes of the Board meeting;
- vii) Keep himself well informed about the Bank and the external environment in which it operates;
- viii) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself that the same are in the interest of the Bank;
- x) 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 the such use;
- xi) Report concerns about unethical behavior, actual or suspected fraud or violation of the Bank`s Code of Conduct;
- xii) Acting within his authority, assist in protecting the legitimate interests of the Bank, shareholders and employees;
- xiii) Not disclose confidential information, whether during his tenure or thereafter 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.

15. Annual Confirmation and Acknowledgement

Each Board Members and Senior Management both present and future shall acknowledge receipt of the Code or any modification(s) thereto, in the acknowledgement form annexed to this Code as Appendix – I and forward the same to the Company Secretary.

All members of the Board of Directors and Senior management personnel shall affirm compliance with the Code of Conduct on annual basis as per the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) 2015, in the form annexed to this Code as Appendix – II . The Annual Report of the Bank shall contain a declaration to this effect duly signed by the Managing Director & CEO.

16. Prohibitions in the Code

The Directors and Senior Management Team shall not undertake any actions that would put to risk the reputation to the Bank or cause the Bank to face any investigation or invite disciplinary action. The Directors and Senior Management team shall adhere to the Code in true letter and spirit.

17. Amendments and Waivers

Any amendment or waiver of the provisions of this code shall be done by the Board of Directors of the Bank.

**CODE OF CONDUCT & ETHICS FOR
DIRECTORS AND SENIOR MANAGEMENT OF THE BANK**

ACKNOWLEDGEMENT FORM

I have received and read the Bank's Code of Conduct & Ethics for Directors and Senior Management of the Bank. I have understood the provisions and standards contained in the Code of Conduct and agree to comply with the same.

Name:

Designation:

Date:

Place:

Signature

**CODE OF CONDUCT & ETHICS FOR
DIRECTORS AND SENIOR MANAGEMENT OF THE BANK**

ANNUAL COMPLIANCE DISCLOSURE

Sub: Disclosures under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 26(3), compliance thereof.

In compliance with Regulation 26(3), I hereby affirm the compliance of 'CODE OF CONDUCT & ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT OF THE BANK' as laid down by the Board of Directors in the Meeting held on 29.04.2015 and revised from time to time;

Name:

Designation:

Place:

Date:

Signature