



**KOTAK MAHINDRA BANK LIMITED**

**CODE OF CONDUCT**

**FOR BOARD OF DIRECTORS**

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**Annexure I – Extract of Code of Independent Directors**

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## **1 Introduction**

- 1.1 The purpose of this Code of Conduct for the Board of Directors (“Code”) is to enhance ethical and transparent process in managing the affairs of the Bank, and thus to sustain the trust and confidence reposed in the Directors by the shareholders of the Bank. Every Director is expected to read, understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in the performance of his/her duties, functions and responsibilities.
- 1.2 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics, as required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as may be amended from time to time.

## **2 Scope**

- 2.1 This Code is applicable to the Board of Directors (“Board Members”) of the Bank.

## **3 Effective Date**

- 3.1 This Code has been approved by the Board of Directors of the Bank at their meeting held on September 7, 2014, as may be amended from time to time and shall be applicable with immediate effect.

## **4 Disclosures**

- 4.1 The director(s) shall disclose to the Board all the necessary disclosures as required under the provisions of the Companies Act, 2013, SEBI Listing Regulations, Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Regulations/Guidelines issued by Reserve Bank of India (“RBI”), from time to time.

## **5 Performance of duties**

- 5.1 Without limiting the details of the duties mentioned under the Companies Act, 2013, the Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015, the Trading Code of Conduct framed there under, Regulations/Guidelines issued by Reserve Bank of India (“RBI”) and other applicable laws, the Director(s) shall, while carrying on his/her duties as a Director of the Bank,:
- a. use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;
  - b. in the performance of his/her duties take such care as he/she might be reasonably expected to take on his/her own behalf and exercise any power vested in him/her in good faith and in the interests of the Bank;

- c. shall undertake appropriate induction, refresh his/her skills and keep himself/herself informed about the business, activities and financial status of the Bank to the extent disclosed to him/her;
- d. strive to attend all meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his/her obligations as Director of the Bank;
- e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the Bank;
- f. shall bring independent judgement to bear on all matters affecting the Bank brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
- g. shall in exercise of his/her judgement in matters brought before the Board or entrusted to him/her by the Board be free from any business or other relationship which could materially interfere with the exercise of his/her independent judgement; and
- h. shall express his/her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his/her independent judgement and 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;
- i. 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;
- j. participate constructively and actively in the committees of the Board in which they are Chairpersons or Members;
- k. strive to attend the general meetings of the Bank;
- l. keep him/her well informed about the Bank and the external environment in which it operates;
- m. not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- n. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself / herself that the same are in the interest of the Bank;
- o. 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;

- p. report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of Conduct ("HR Policy");
  - q. acting within his / her authority, assist in protecting the legitimate interests of the Bank, its Shareholders and Employees;
  - r. undertake appropriate induction and regularly refresh their skills, knowledge and familiarity with the company strategy, business, internal governance and policies. All Board Members are encouraged to update themselves with latest domestic and international financial sector trends and regulations, risk management systems, ESG practices and such other matters that are relevant to the business of the Bank.
- 5.2 In addition to the norms as prescribed under this Code, the Independent Directors of the Bank shall also abide by the "Code for Independent Directors" as prescribed under Schedule IV to the Companies Act, 2013, as amended, from time to time. Please refer Annexure I where extract of the Code for Independent Directors is enclosed herewith.

Further, the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, applicable Human Rights law and the Conflict of Interest Policy shall also be applicable to all Directors.

## **6 Fiduciary duty**

6.1 The Director(s) shall have:

- a. fiduciary duty to act in good faith and in the interests of the Bank and not for any collateral purpose;
- b. duty to act only within the powers as laid down by the Bank's Memorandum and Articles of Association and by applicable Laws and Regulations; and
- c. duty to acquire proper understanding of the business of the Bank.

6.2 The Director(s) shall:

- a. not evade responsibility in regard to matters entrusted to him/her by the Board;
- b. not interfere in the performance of their duties by the Whole-Time Directors and other Officers of the Bank and wherever the Director has reasons to believe otherwise, he/she shall forthwith disclose his/her concerns to the Board; and
- c. not make improper use of information disclosed to him/her as a member of the Board for his/her or someone else's advantage or benefit and shall use the information disclosed to him/her by the Bank in his/her capacity as Director of the Bank only for the purposes of performance of his/her duties as a Director and not for any other purpose.
- d. 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.

## **7 Conflict of interest:**

A conflict of interest exists /arises when a person with a fiduciary responsibility is in a situation where his own self-interest and the interests of the Bank might be in conflict.

Conflict of Interest vis a vis the Directors of the Bank is defined as a transaction or relationship or situation that presents or may present an existing or perceived or potential conflict of interest between Director's obligations towards the Bank and his/ her personal, business or other interests.

## **8 Dealings in shares/ Insider trading**

The Board Members shall not deal in securities of the Bank either on their own behalf or on behalf of any other person when in possession of any unpublished price sensitive information or communicate, provide or allow access, counsel or procure, directly or indirectly any unpublished price sensitive information to any other person except the same is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The Board Members should comply with the Bank's '**TRADING CODE OF CONDUCT**', processes made there under and any amendments thereof to the extent applicable to them.

## **9 Regulatory Compliance**

Every Director shall, in his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit.

## **10 Annual Confirmation**

The Board members shall affirm compliance with the code on an annual basis as per Annexure I I . The Annual Report of the Bank shall contain a declaration to this effect signed by the Managing Director & CEO.

## **11 Law to take precedence and Amendments**

The Code shall be reviewed from time to time for updation thereof. Any variation in the Code or any waivers from the provisions of the Code shall be approved by the Board of Directors of the Bank.

In the event of any variation or inconsistency between the provisions of the Policy and the Regulations or any Circulars, Guidelines or instructions issued thereunder, the provisions of Regulations including any modifications, clarifications, circulars or re-enactment thereof shall prevail over the Policy and the provisions of the Policy shall be deemed to have been amended so as to be read in consonance with the Regulations.

As this Policy is pursuant to the applicable laws, if any change to applicable laws or interpretation thereof necessitates any change to the Policy, this Policy shall be read so as to incorporate the changes.

**Annexure I**  
Extract of the Code for Independent Directors  
Schedule IV of the Companies Act, 2013

The Code is a guide to professional conduct for an Independent Directors.

**I. Guidelines of 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 company;
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 company 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 company in implementing the best corporate governance practices.

**II. Role and functions:**

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.

**III. Duties:**

The independent directors shall—

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 company;
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 company;
6. where they have concerns about the running of the company 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 company 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 company;
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 company's code of conduct or ethics policy;
12. act with their authority, assist in protecting the legitimate interests of the company, 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.

**Annexure II**

\_\_\_\_\_ (Date)

To,  
The Company Secretary,  
Kotak Mahindra Bank Limited  
27BKC, C-27, G Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.

**Sub.: Confirmation of Compliance to the Code of Conduct of the Bank.**

I, \_\_\_\_\_, Director hereby confirm that I have read and understood the provisions of the Code of Conduct of the Bank, and affirm compliance to the Code of Conduct at all times.

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Signature)