CODE OF CONDUCT AND CONFLICT OF INTEREST NORMS IN RESPECT OF BOARD OF DIRECTORS OF AXIS BANK LIMITED

A. CODE OF CONDUCT FOR DIRECTORS

The Code of Conduct and Conflict of Interest Norms (the Code of Conduct) which is applicable and binding on all members of the Board of Directors (Board) of the Bank is laid down with an aim to ensure transparency and set high ethical standards in managing the affairs of the Bank.

The Code of Conduct shall be adhered to by every Board Member, while carrying out the fiduciary duties conferred upon him under applicable statutes.

Every Board Member whilst adhering to the Code of Conduct shall:

1. Act in accordance with the highest standards of personal and professional integrity, honesty, with diligence and responsiveness, excellence in quality and ethical conduct;

2. Act in utmost good faith and fulfil the fiduciary obligations without allowing their independence of judgment to be compromised;

3. Not make any statement which has the effect of an adverse criticism of any policy or action of the Bank or which is capable of affecting the relations between the Bank and the general public/government/regulators and the stakeholders;

4. Neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of the business of the Bank;

5. In addition to the norms as prescribed in this Code of Conduct, 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 ‘A’ attached herewith.

6. In addition to the norms as prescribed in this Code of Conduct, the Directors of the Bank shall also abide by the provisions of Section 166 of the Companies Act, 2013, as amended, from time to time. Please refer Annexure ‘B’ attached herewith.

7. In addition to the above, every Board Member shall adhere to the following norms as specified by the Reserve Bank of India vide its Circular no. DBOD.No.BC.94/16.13.100/92 dated 9th March 1992.
Do’s

1. Attend the meetings of the Board/ Committees, regularly and effectively.
2. Ask the Bank to furnish the agenda papers and follow-up reports within a definite time schedule.
3. Study the agenda papers thoroughly and use the good offices of the Managing Director & CEO of the Bank for eliciting any information that may be required for effective participation at the Board meeting.
4. Involve yourself as Director on the Board thoroughly in the matter of formulation of general policy and also ensure that performance of the Bank is monitored adequately at Board level.
5. Be familiar with the broad objectives of the Bank and the policy laid down by the Government and the Reserve Bank of India.
6. All constructive ideas for the better Management of the Bank and for making valuable contribution would be welcome.
7. Work as a team and not sponsor or be prejudiced against individual proposals. Management on its part is supposed to furnish full facts and complete papers in advance.
8. Try to give as much of your wisdom, guidance and knowledge as possible to the Management.
9. Try to analyse the trends of the Indian economy, assist in the discharge of the Management’s responsibility towards the public, in formulation of measures to improve customer service and be generally of constructive assistance to the Management of the Bank.

Don’ts

1. Do not send any instruction to any individual officer of the Bank or give direction to individual officer of the Bank, in any matter.
2. Do not involve yourself in any matter relating to personnel administration, whether it is appointment, transfer, posting or promotion or a redressal of individual grievances of any employee of the Bank.
3. Do not interfere in the day-to-day functioning of the Bank.
4. Do not approach or influence for sanction of any kind of facility from an individual Branch Manager or any other official of the Bank.
5. Do not participate in the Board discussion if a proposal in which you are directly or indirectly interested comes up for discussion. Disclose your interest well in advance to the Managing Director & CEO of the Bank.
6. Do not reveal any information relating to any constituent of the Bank to anyone as you are under oath of secrecy and fidelity.
7. Directors should not send for individual officers of the Bank or give directions to such officers on any matter.
8. Discourage the individual employee or unions approaching you in any matter.
9. Whilst you may indicate your Directorship of the Bank on your visiting card or letter head, do not use the logos or distinctive design of the Bank on your visiting card/letter head.
10. Do not directly call for papers/files/notes recorded by various departments for scrutiny etc. in respect of agenda items to be discussed at the meetings of the Board/ Committees. All information/clarification that may be required for effective decision making will be provided by the Company Secretary Department of the Bank.
11. Ensure confidentiality of the Bank’s agenda papers/notes.
12. Do not sponsor any loan proposal, buildings and sites for Bank’s premises, enlistment or empanelment of contractors, architects, doctors, lawyers etc.

13. Do not do anything, which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff.

B. CONFLICT OF INTEREST NORMS

A conflict of interest exists when a person with a fiduciary responsibility is in a situation where his own self-interest and the interests of the organization might be in conflict. Conflict of Interest vis a vis the Board of Directors of the Bank may be defined as a transaction or relationship or situation that presents or may present an existing or perceived or potential conflict of interest between a Board Member’s obligations to the Bank and their personal, business or other interests.

1. Board Members shall adopt the following measures for monitoring and management of any situation of conflict of interest that may arise:

   a) Make a full and complete disclosure of any existing or perceived or potential conflict of interest to the Bank as soon as it arises. New Board Members are required to disclose all actual or perceived or potential conflict of interest at the time of their appointment as a Director of the Bank.

   b) Every Board Member shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, thereafter at the first Meeting of the Board held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, trusts and other entities which shall include the shareholding and committee memberships, in the form prescribed under the Companies Act, 2013.

   c) Every Board Member shall also disclose to the Board the details of their relatives and related parties including their concern or interests and shareholding for the purpose of complying with the provisions of related party transactions as prescribed under applicable laws. The Director shall also promptly notify any change in the disclosures already made.

   d) Every Board Member shall immediately disclose the names of immediate relatives who are employed with subsidiary companies, business partners of the Bank, Consultants, Vendors, NGOs who are funded by the Bank etc.,

   e) Every Board Member shall on his appointment and thereafter immediately on any change to the disclosure already made, disclose to the Bank, the list of entities where he holds substantial interest. Substantial Interest for the said purpose is defined as under:
"substantial interest". –

(i) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid up on which exceeds five lakhs of rupees or ten percent of the paid-up capital of the company, whichever is less;

(ii) in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent of the total capital subscribed by all the partners of the said firm;

f) Every Board Member shall on his appointment and thereafter immediately on any change to the disclosure already made, disclose to the Bank, the following:

(i) If he is a member of a professional association/body. Details of disciplinary action, if any, pending or commenced or which has resulted in conviction in the past or if he has been banned from membership by professional/ association/ body, at any point of time.

(ii) Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the Director and/or against any of the entities he is interested or holds substantial interest, for violation of economic laws and regulations.

(iii) Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the Director.

(iv) Whether he attracts any of the disqualifications envisaged under Section 164 of the Companies Act 2013? Please refer Annexure ‘C’ attached herewith.

(v) If he or any of the entities in which he is interested or holds substantial interest; been subject to any investigation at the instance of Government department or agency?

(vi) If he has at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/excise/income tax/foreign exchange/other revenue authorities, if so to give particulars thereof.

(vii) Whether he has at any time come to the adverse notice of any statutory/ regulatory authority viz. the RBI, MCA, SEBI, IRDAI, SFIO etc.

2. Whilst all conflicts of interest are not necessarily prohibited or harmful to the Bank. However, full disclosure of all actual or perceived or potential conflicts, shall be made to the Board for their information and necessary action and the interested Board Member shall recuse himself from participating in the deliberations at the meeting and voting on the matter.

3. If the Board of Directors of the Bank has reason to believe or has knowledge of any development that may give rise to a situation of conflict of interest vis a vis any Board Member, it may advise the concerned Board Member (s) to forthwith give a declaration in writing, clarifying the situation of conflict of interest, if any.

4. Non-disclosure of conflict of interest by any Board Member would be treated as a misconduct if the same is conscious and deliberate (not inadvertent) and the Board of Directors of the Bank may decide on an appropriate penal action for the same. The Board of Directors of the Bank may also post facto ratify an inadvertent non-disclosure of the conflict of interest by any Board
Member. The fact of any such ratification and the reason for non-disclosure would be duly incorporated in the minutes of the Board meeting at which waiver has been granted.

5. If in the opinion of the Board of Directors of the Bank, a conflict of interest is significant, ongoing and irreconcilable and is likely to impede the ability of a Board Member to carry out his assigned roles and responsibilities, the Board may recommend reassigning of the allocated function.

C. SKILL DEVELOPMENT

All Board Members shall acquaint themselves with the Bank’s businesses, strategies, organisation structure, internal policies and other areas of relevance to enable them to discharge their duties effectively.

All Board Members are encouraged to upgrade their skills and knowledge and keep abreast of the latest developments concerning the banking and financial sectors both in India and globally, risk management systems and such other matters that are relevant to the business of the Bank.

All Board Members are encouraged to attend the training/induction/familiarization programs that may be organized by the Bank, from time to time.

D. HEALTH

All Board Members shall strive to take utmost care of their personal health and wellbeing. All Board Members shall inform the Bank on occurrence of any major adverse health conditions, which may impair their ability to effectively discharge their duties for and on behalf of the Bank.

E. CONFIDENTIALITY

All Board Members shall maintain confidentiality of any competitive, confidential or price sensitive information relating to the Bank which they may access in the ordinary course of their dealings with the Bank and ensure that such information is not used or communicated for any direct or indirect commercial gains.

F. INSIDER TRADING NORMS

All the Board Members and their immediate relatives shall abide with the relevant provisions of the Fair Practices Code and the Share Dealing Code, formulated and adopted by the Bank, in terms of the relevant provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, from time to time.

G. SEXUAL HARASSMENT NORMS

The Bank’s POSH policy, as applicable to all employees shall also be applicable to the Directors of the Board and is in consonance with the provisions contained under “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013”.
H. APPLICABILITY

This Code of Conduct shall be reviewed at-least annually and any amendments thereto shall be subject to the review and approval of the Board. This Code of Conduct which has been reviewed and approved by the Board at its meeting held on 30th January 2019, shall be deemed to have come into effect from 30th January 2019. The Code of Conduct shall be applicable and binding on all the Board Members of the Bank, from the said date.
The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of 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 within 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.

IV. Separate meetings:

1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;

2) All the independent directors of the company shall strive to be present at such meeting;

3) The meeting shall:
   i. review the performance of non-independent directors and the Board as a whole;
   ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
   iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
Duties of Directors (Section 166 of the Companies Act, 2013)

(1) Subject to the provisions of the Companies Act, 2013, the Director of the Bank shall act in accordance with the articles of the Bank.

(2) A director of the Bank shall act in good faith in order to promote the objects of the Bank for the benefit of its members as a whole, and in the best interests of the Bank, its employees, the shareholders, the community and for the protection of environment.

(3) A director of the Bank shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A director of the Bank 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 Bank.

(5) A director of the Bank shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Bank.

(6) A director of the Bank shall not assign his office and any assignment so made shall be void.
Section 164 - Disqualifications for appointment of director

(1) A person shall not be eligible for appointment as a director of a company, if —
   (a) he is of unsound mind and stands so declared by a competent court;
   (b) he is an undischarged insolvent;
   (c) he has applied to be adjudicated as an insolvent and his application is pending;
   (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:
      Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
   (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
   (f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
   (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
   (h) he has not complied with sub-section (3) of section 152.

(2) No person who is or has been a director of a company which—
   (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
   (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

(3) A private company may by its articles provide for any disqualifications for appointment as a director in addition to those specified in sub-sections (1) and (2):
   Provided that the disqualifications referred to in clauses (d), (e) and (g) of sub-section (1) shall not take effect—
   (i) for thirty days from the date of conviction or order of disqualification;
   (ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed off; or
   (iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed off.