



HDFC Bank Sri Lanka

Policy on Internal Code of Business conduct and Ethics for all Directors and employees

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1. Purpose and Scope

- **Purpose:** This policy establishes standards of integrity, ethics, and accountability for all Directors, officers, and employees. It aims to guide behavior in a manner that promotes a culture of transparency, respect, and compliance with legal and regulatory requirements.
- **Scope:** Applies to all Directors, officers, employees, contractors, and third parties representing or acting on behalf of the entity.
- **Objective:** To ensure strict adherence to ethical standards, prevent conflicts of interest, and enhance stakeholder trust in the entity.

2. Ethical Standards and Professional Conduct

- **Integrity and Fairness:** Employees and Directors shall be expected to conduct themselves with honesty, integrity, and impartiality. Decisions shall be made objectively and in the entity's best interests.
- **Compliance with Laws and Regulations:** Strict adherence to all applicable laws, regulations, and internal policies is mandatory.
- **Commitment to Ethical Behavior:**
 - Employees and Directors shall report any unethical or illegal activities, including fraud, corruption, or unethical inducements.
 - Prohibit the acceptance or offering of special gifts, special benefits, or special entertainment that could influence or appear to influence business decisions.

3. Trading in Listed Securities of the Entity

- **Policy Objectives:** Maintain integrity in securities trading by Directors and employees, prevent insider trading, and promote transparency in securities transactions.

- **Insider Trading Prohibitions:**

- **Definition of Material Non-Public Information:** Includes any confidential information that could impact stock value, such as financial results, strategic developments, major contracts, mergers or acquisitions, or changes in management.
- **Prohibited Actions:** Trading based on material non-public information shall be prohibited, including advising others to trade.
- **Penalty for Non-Compliance:** Any violation of insider trading rules may lead to legal action, fines, and internal disciplinary measures, including termination.

- **Trading Approval Process:**

- **Pre-Approval Requirement:** All Directors and specified employees shall obtain written pre-approval from the Compliance Officer before executing transactions in the entity's securities.
- **Procedure:** Submit a trading request form, which the Compliance Officer shall review and either approve or deny within a set period.
- **Disclosure of Trades:** All approved trades shall be reported to the Compliance Officer within 48 hours of completion.

- **Restricted Trading Periods:**

- Define blackout periods, during which no trading shall be permitted. These include:
 - 30 days before quarterly and annual interim financial publication.
 - Additional periods as determined by the Compliance Officer, particularly before major announcements.

4. Conflicts of Interest

- **Definition:** A conflict of interest occurs when personal interests interfere, or appear to interfere, with the entity's interests.
- **Identifying Conflicts:** Common examples include:
 - Financial interests in competitors or suppliers.
 - External employment or consulting roles that overlap with the entity's interests.
 - Receiving or offering gifts, hospitality, or benefits that may influence professional judgment.

- **Disclosure and Management:**
 - **Disclosure Obligation:** Directors and employees shall disclose any potential or actual conflicts to the Compliance Officer or relevant Board Committee.
 - **Mitigation Steps:** Based on the disclosure, the Compliance Officer may implement mitigating measures, such as recusal from related decision-making, divestment of conflicting assets, or reassignment of duties.
- **Prohibited Activities:** Directors and employees are prohibited from engaging in activities that present a conflict of interest without prior disclosure and management approval.

5. Confidentiality and Protection of Proprietary Information

- **Confidential Information:** Confidential information includes all non-public information relating to the entity's operations, clients, employees, or strategic plans.
- **Obligations:**
 - Information shall be used solely for authorized business purposes and shall not be disclosed without proper authorization.
 - **Data Security:** Adhere to data security protocols and ensure all sensitive data shall safeguarded against unauthorized access, sharing, or loss.
- **Post-Employment Obligations:**
 - Directors and employees shall continue to protect confidential information after employment or board membership ends, per non-disclosure agreements.

6. Anti-Bribery, Anti-Corruption, and Fair Dealings

- **Zero Tolerance for Bribery:** The entity strictly prohibits offering, giving, soliciting, or accepting any form of bribe or facilitation payment, whether directly or through third parties.
- **Legal Compliance:** Directors and employees shall comply with anti-corruption laws and regulations.
- **Fair Dealings:** All interactions with customers, suppliers, competitors, and employees should be fair, transparent, and free from deception or manipulation.

7. Whistleblower Policy and Reporting Violations

- **Duty to Report:** Employees and Directors are required to report any observed violations of laws, regulations, or this Code, including fraud, insider trading, conflicts of interest, harassment, discrimination, and other unethical behaviors.
- **Reporting Channels:**
 - Confidential and anonymous reporting mechanisms, such as a hotline and online portal, are available.
- **Protection Against Retaliation:** Individuals who report violations in good faith are protected from retaliation. Any form of retaliation shall lead to disciplinary actions, including termination.

8. Governance and Oversight Responsibilities

- **Board of Directors:**
 - Responsible for setting ethical standards and overseeing policy compliance.
 - Ensure regular evaluations of the policy's effectiveness and appropriateness.
- **Compliance Officer:**
 - Administers the Code, reviews disclosures of potential conflicts, approves (or denies) trading requests, and maintains compliance records.
 - Provides ongoing guidance on ethical issues and ensures adherence to legal and regulatory requirements.
- **Audit and Review:**
 - The Compliance Officer shall conduct periodic audits of all disclosures, trading activities, and reported violations to ensure compliance with the Code.
 - Audit findings shall be reported to the Board annually.

9. Disciplinary Action and Consequences for Violations

- **Accountability for Violations:**
 - Breaches of this policy, including insider trading, conflicts of interest, or confidentiality violations, shall result in disciplinary measures, up to and including termination or removal from the Board.

- Disciplinary actions shall extend to external parties (contractors, third parties) acting on the entity's behalf if they violate ethical or compliance standards.
- **Appeals Process:**
 - Directors and employees subject to disciplinary action have the right to appeal. Appeals shall be reviewed independently by the HR Department.

10. Disclosure and Transparency Requirements

- **Public Disclosure:**
 - In compliance with Colombo Stock Exchange Rule 9.2, disclose the existence and implementation status of this policy on the entity's website and in the Annual Report.
- **Annual Reporting:**
 - List any waivers or exemptions granted to Directors or executives and disclose any changes to the Code in the Annual Report.
 - **Non-Compliance Reporting:** Instances of non-compliance, if any, shall be documented with explanations in the Annual Report.

11. Annual Certification and Ethics Training

- **Annual Acknowledgment:** All Directors and employees shall annually certify their understanding of, and compliance with, this policy.
- **Training Programs:**
 - The entity shall conduct mandatory ethics and compliance training annually. Topics include insider trading, conflicts of interest, data protection, anti-bribery, and anti-corruption practices.
 - Training reinforces the principles outlined in this policy, with practical examples to help employees recognize and avoid unethical practices.

12. Policy Review and Amendment

- **Review:**
 - This policy shall be reviewed once in two years by the Compliance Officer and the Board of Directors to ensure it remains effective and aligned with evolving legal requirements.
- **Amendment and Communication:**
 - Any amendments to this policy require Board approval and shall be communicated promptly to all employees, Directors, and relevant stakeholders.
- **Stakeholder Access:** Shareholders may request access to this policy in writing, and the entity shall make it available as stipulated in corporate governance disclosures.