



CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR  
MANAGEMENT

OF

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA



*[BASED ON REGULATION NO. 17 (5) OF SEBI (LODR) REGULATIONS, 2015, WHICH SPECIFY THAT THE BOARD OF DIRECTORS SHALL LAY DOWN A CODE OF CONDUCT FOR ALL MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE LISTED ENTITY. THE CODE OF CONDUCT SHALL SUITABLY INCORPORATE THE DUTIES OF INDEPENDENT DIRECTORS AS LAID DOWN IN THE COMPANIES ACT, 2013]*

*[THE BOARD OF DIRECTORS OF SIDBI IN THEIR 217TH BOARD MEETING HELD ON FEBRUARY 06, 2023, HAS APPROVED THIS CODE OF CONDUCT]*



**CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT**

1. **INTRODUCTION:** Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") mandates SIDBI to lay down a code of conduct for all members of board of directors and senior management. The code of conduct shall also incorporate the duties of independent directors as laid down in the Companies Act, 2013. This code of conduct ("Code") shall be applicable to the members of the Board of Directors and the senior management. Duties of Independent Directors are also laid down to comply with the listing regulations.

**2. DEFINITIONS:**

2.1. Directors shall mean the members appointed or elected or nominated or co-opted for the Board of Directors of SIDBI.

2.2. Code of Conduct shall mean this Code of Conduct.

2.3. Compliance Officer shall mean Company Secretary of SIDBI designated as Compliance Officer.

2.4. Senior Management shall mean officers / personnel of SIDBI who are members of its core management team, excluding Board of Directors, and shall comprise all officers one level below the chairman & managing director / deputy managing director (i.e. all CGMs/ Vertical Heads) and shall specifically include Company Secretary and the Chief Financial Officer.

2.5. Independent Directors shall mean non-executive directors of SIDBI.

**3. APPLICABILITY OF THE CODE:**

3.1. The Code applies to Directors and Senior Management of SIDBI.

3.2. The independent directors of SIDBI are subject to certain additional duties as laid down by the Companies Act, 2013 which are set out in the Annexure of this Code.

3.3. The Code has been formulated and approved by the Board, which is required to be strictly observed by the Directors and Senior Management of SIDBI for the governance of good corporate practices.

3.4. The Company Secretary of SIDBI is appointed as the Compliance Officer under the Code, who will be available to answer any questions, provide clarification and shall help ensuring compliance with the Code.

**4. CONDUCT:**

Every person, to whom this Code is applicable, shall –

4.1. Comply with all applicable laws, regulations, confidentiality obligations and SIDBI's policies;

4.2. Conduct the affairs of SIDBI and perform his/her duties with due care, diligence, dignity, honesty and integrity and shall conform to the highest morals and ethical standards and at all times, and act in good faith and in the best interest of SIDBI;



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- 4.3. Not seek to influence any decision of the Board for any consideration, other than in the interest of SIDBI;
- 4.4. Use such degree of skill and knowledge, as may be reasonably expected from a person with his / her knowledge or experience;
- 4.5. Act in a cooperative and respectable manner with his / her colleagues;
- 4.6. Avoid any personal or financial interests while dealing in the affairs of SIDBI;
- 4.7. Not commit any offence, act or omission resulting himself / herself to turn insolvent, or any offence involving moral turpitude;
- 4.8. Make reasonable efforts to attend Board meetings, meetings of the committees of the Board, where the person is a member, and general meetings of shareholders;
- 4.9. Notify about his / her material personal interest & conflict of interest in any matter, and must not vote on any such matter;
- 4.10. Not make any decision about a matter before attending and participating in the deliberations of the relevant meeting;
- 4.11. Maintain order and decorum at the meetings and obey the directions given by the Chairperson;
- 4.12. Disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, which shall include the person's shareholding, at the first board meeting in every financial year or whenever there is change in disclosure already made.
- 4.13. Not participate in the discussions on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases, the same shall be disclosed and recorded in the minutes of the meeting.
- 4.14. Comply with the code of internal procedure and conduct for prevention of insider trading in dealing with the securities of SIDBI.
- 4.15. Make necessary entries in the 'Structured Digital Database' maintained in SIDBI.

**5. CONFLICT OF INTEREST:**

The Directors and Senior Management shall not engage in any transactions, or engage in any practice directly or indirectly, which may be in conflict with the interest of SIDBI or prejudicial to SIDBI's interest. Every member of the Board of Directors and all senior management personnel of SIDBI are required to make disclosures to the Board of Directors relating to all material, financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of SIDBI.

**6. CONFIDENTIALITY:**

Every Director and Senior Management should maintain the confidentiality of information entrusted to him / her by SIDBI. SIDBI's confidential and proprietary information shall not be inappropriately disclosed or used. The confidential information is to be shared only on 'need to know' basis.



**7. COMPLIANCE WITH APPLICABLE LAWS & SIDBI'S POLICIES:**

Every Director and Senior Management shall comply with all applicable laws, rules, regulations and guidelines issued by the Government of India from time to time. Further they shall also comply with various policies, guidelines and codes formulated by SIDBI in compliance with the Listing Regulations or otherwise, including SIDBI's policy on insider trading and procedures for fair disclosure. Senior Management personnel, governed under the SIDBI Staff Regulations, shall ensure its compliance.

**8. DECLARATION FOR COMPLIANCE WITH THE CODE:**

Every Director and Senior Management shall affirm the compliance with the Code on an annual basis and shall sign a confirmation to that effect, as per the format prescribed from time to time.

**9. HONESTY & INTEGRITY:**

Every Director and Senior Management shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment. They shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. They shall act in the best interest of SIDBI and fulfil their fiduciary obligation.

**10. ENFORCEMENT OF CODE OF CONDUCT:**

- i. Company Secretary shall be the Compliance Officer for the purpose of this Code.
- ii. Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.
- iii. Compliance Officer shall report breach of this Code, if any, which comes to his/her notice to the Board of Directors of SIDBI.
- iv. SIDBI shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or as suspected violation of law or of this Code or other SIDBI policies, or against any person who is assisting in any investigation or process with respect to such a violation.

**11. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE:**

- i. In case of breach of this Code by any of Directors, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.
- ii. In case of breach of this Code by Senior Management Personnel, the same shall be dealt with in accordance with the SIDBI Staff Regulation.

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**DUTIES OF NON-EXECUTIVE DIRECTORS**

The duties of the Non-executive Directors shall be as follows:

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with SIDBI;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts;
3. Strive to attend all meetings of the Board of Directors and of the Board committees, they are members whereof;
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 SIDBI;
6. Where they have concerns about a proposed action, they should ensure that the concerns are addressed by the Board/Committee;
7. Keep themselves well informed about the developments taking place in SIDBI, and the external environment in which SIDBI 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 SIDBI;
10. Ascertain and ensure that SIDBI has adequate and functional vigil mechanism and 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 SIDBI's code of conduct or ethics policy; and
12. Acting within his/her authority, assist in protecting the legitimate interests of SIDBI, its shareholders and its employees.
13. Not to 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.

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