

**State Bank of Mauritius Ltd**

***Code of***

***Ethics***

***&***

***Business***

***Conduct***

# **CODE OF ETHICS AND BUSINESS CONDUCT**

## **1.0 INTRODUCTION**

State Bank of Mauritius Limited, renowned for its long history of financial soundness and stability, is called upon to demonstrate at all times and in all dealings high standards of ethics and professionalism.

The present Code sets out the guiding principles by which the Bank expects its stakeholders, namely directors, employees, customers, suppliers and shareholders to behave and interrelate on a daily basis. It is a written statement clearly revealing the core values, which the Bank stands for, and the standard of dealings that the public at large, can uncompromisingly expect. It also addresses the responsibilities of the Bank towards the community as a whole. The Code is designed to help individuals at all levels to understand their responsibilities, carry out their duties with due diligence, honesty and integrity, which are fundamental to the reputation and success of SBM.

For the Code to be feasible, models of outstanding conduct and ethical behaviour need to be first and foremost adopted by those at the highest level in the hierarchy. It therefore remains the responsibility of the directors and senior executives to ascertain that they are setting the correct example, so as to encourage the other employees to follow.

All employees, in addition to following to the service rules, are expected to abide to the different codes introduced by the Bank and to the guidelines issued by the appropriate Authorities from time to time:

- The oath of confidentiality at the time of joining the services of the bank;
- SBM Code of Conduct;
- SBM Code of Ethics and Business Conduct;
- Fit and Proper

## **2.0 PURPOSE**

The purpose of the different Codes is to achieve a number of organisational goals, both internally and externally.

### **2.1. Code of ethics for internal purposes**

- To establish agreement about standards of morally acceptable behaviour expected from employees, senior officers and directors within the Bank.
- To provide guidance in decision-making.
- To promote organizational integration and coordination.

## **2.2. Code of ethics for external purposes**

- To inform, satisfy and establish a trustworthy relationship with shareholders.
- To build strong awareness and bolster trust among consumers and society at large on the way business is being carried out thereby enhancing the reputation of the Bank.
- To inform on the Bank's commitment to moral responsibility and the values for which it stands; namely honesty, integrity and respect when dealing with customers, suppliers, employees and competitors at all times.
- To demonstrate openly the Bank's intention of avoiding malpractice or deviation from applicable laws.

## **3.0 FRAMEWORK**

This Code of Ethics and Business Conduct (the "Code") shall address the following:

- Board of Directors
- Customers of the Bank
- Employees of the Bank including senior officers and directors
- Suppliers to the Bank
- Competitors to the Bank
- The Mauritian community and its government.

## **4.0 BOARD OF DIRECTORS**

The main objective of the Bank shall be to achieve long term growth, sustainable earnings, protect shareholder's interest and effectively deal with any conflict of interest, which might arise thereafter. Consequently, the Board should in the first place encourage Management to focus on long term realisation rather than short-term gains and to prevent unethical behaviour. As far as the issue of conflict of interest relating to the Board is concerned, the responsibility lies with the top executives, to foresee any possibility in any given case, and come up in consultation with the Chairman with an appropriate formula to prevent or mitigate any impending conflict.

### **4.1 Confidentiality of information**

The Bank must ascertain that strict confidentiality and secrecy standards are maintained (whether under Common Law or the Criminal Code or section 60 of the Banking Act). Access to all information relating to customers should be restricted to those concerned only. No Director, Chief Executive or Senior Officer of the Bank, who by virtue of their professional relationships have access to records of the Bank, shall disclose directly or indirectly any information relating to customers' financial affairs and dealings. In much the same way, directors and senior executives shall not participate in discussions on confidential matters with unauthorised parties.

## **4.2 Inside Information**

The Directors as well as all officers, agents, employees and advisors of the Bank should not use material inside information (information that has not been made public) to their own advantage or that of their relations. Laws prohibit the use of information, which is likely to influence the price of securities or cause prejudice to the Bank, the shareholders and the customers be it for their own benefit or for any other purpose.

## **4.3 Disclosure / Conflict of interest**

A Director, who is directly or indirectly interested in a loan or credit facility from the Bank shall at the soonest declare the nature of his interest to the Board of Directors so as to prevent any conflict of interest. If through any acquisition or involvement of a personal nature, a conflict of interest is created with his duties as director, he shall make at a meeting of the Board of Directors, a declaration regarding the nature and extent of the conflict (as per Section 48 of the Banking Act).

## **4.4 Recording and disclosure of accurate information**

The Bank should develop an appropriate regulatory structure to ensure that records presented are complete, fully transparent and in accordance with all applicable laws and professional accounting standards. False or misleading statements or entries in any of the Bank's books, accounts or financial statements should not be made.

The Bank has to disclose information for the benefit of actual and potential shareholders, rating agencies, the Stock Exchange and other regulatory bodies to allow the respective parties to assess investment and evaluate the paybacks. For this purpose, all information communicated with respect to management of the Bank, its financial position and overall strategies should be true and accurate.

## **4.5 Fit and Proper person Criteria**

The Bank must ensure that capable individuals, with appropriate skills are employed in the right positions and accordingly, decisions are taken at the right level. The Bank must see to it that Fit and Proper person's criteria are systematically applied. It should be made clear that, the Bank shall not be managed by any other person, besides those being appointed by the Board and members of the Board themselves. The Board must ascertain that sufficient authority is bestowed on senior officers to allow them to carry out their responsibilities.

## **4.6 Remuneration**

The Board must ensure that remuneration is aligned with performance. As per section 18 of the Banking Act, no Bank shall employ any person whose remuneration, in part or in whole, takes the form of a commission directly linked to profitability or a share in the profits of the Bank.

## **4.7 Handling of meetings**

The Board must ensure that meetings are carried out in a courteous, respectful and orderly manner. Every member attending the meeting should be encouraged to express

himself freely and participate in discussions. The Board must ensure that time schedule of meetings are adhered to.

## **5.0 CUSTOMERS**

The Bank must at all times honour its obligations towards the customers as per the agreements between contractual parties. Similarly all customers shall be made aware of their obligations to the Bank.

### **5.1 “Know your customer” principle**

The Bank shall be satisfied of the identity of its customer before engaging into any business relationship as required by the law and the Bank of Mauritius Guideline. Policies and procedures will be established to ensure that proper KYC principle is applied by the Bank to combat money laundering and financing of terrorism.

### **5.2 Fair dealings**

Dealings with customers must always be straight, fair, honest, courteous and efficient. It is imperative that a list of all Bank charges is being displayed in all branches for the benefit of the public. All queries of the customers must be promptly attended to and replied in writing.

### **5.3 Quality Service**

The Bank must aim at providing excellent service and high quality products to customers. End product and services offered should meet the minimum standard requirement. The Bank should ensure that customers are truthfully informed about its products, services and capabilities, without misinterpretation or overstatement

### **5.4 Disclosure of customer information**

Confidentiality of customer information must be respected.

### **5.5 Complaint channel**

A complaint/suggestion channel should be set up to receive grievances and suggestions of customers so as to improve on quality of service. Hotline services should be made available at all times for specific services. All complaints of customers must be promptly attended to and replied in writing.

### **5.6 False allegations and claims for refund**

A customer shall not be allowed to make false allegations on quality of services or products offered. A customer shall not claim full refund on products or services or hold the Bank responsible for any transaction loss incurred if no evidence or proof of damage has been found upon investigation. In such cases, the Bank shall not submit to unfounded claims for refund.

## **6. EMPLOYEES**

All Employees shall be committed to honour their agreed terms and conditions of employment. Any breach in contract or deviation from the Code will be immediately reported to the Human Resource Department where appropriate actions shall be taken against the employee.

### **6.1 Employment Practices**

#### ***(a) Professionalism***

All employees shall demonstrate a high level of professionalism by always performing their work to the best of their ability in order to add value to the Bank.

Senior officers/Directors are expected to demonstrate a high level of professionalism and carry out their duties with the skill and diligence to be expected from an individual with their knowledge, background and expertise.

Employees shall always act honestly and in all integrity towards other peers and superiors. It is their duty to report any harmful activity they may observe or come across in the workplace. Each employee is required to adhere to the Code of Ethics and Business Conduct.

#### ***(b) Training***

It remains the Bank's duty to perpetuate the development of employees by providing regular training

#### ***(c) Information Flow***

The Bank should ensure that channels of communication are efficient enough so as to facilitate the flow of information among different levels.

#### ***(d) Team Spirit***

The Bank should promote a positive working environment to bring out the best qualities in each and every employee. Team spirit should be consistently nurtured. The Bank should aim at giving encouragement and motivation in order to create a sense of belonging among its employees.

#### ***(e) Remuneration***

The Bank will devise an appropriate system where remuneration is aligned with performance. Employees adding value to the Bank and contributing to its increased earning capacity should be rewarded accordingly. The performance of employees will be assessed through performance appraisals and achievement of pre-agreed key performance targets.

#### ***(f) Proper Use of Bank's assets***

Employees should act responsibly and not abuse of the Bank's property. Employees taking abusive advantage of Bank's assets for their own use are deemed to be committing serious offences and are liable to dismissal and prosecution. The Bank holds copyright on its software and all financial data; therefore reproduction of software or data for external use is strictly prohibited. Appropriate sanctions will be taken if situation arises.

***(g) E-mail policy and the Internet***

The Bank owns the e-mail and Internet systems used in the work place. It should be ensured that these systems are primarily used for work related communications. Employees should understand that it is strictly prohibited to use the e-mail and Internet system for the transmission of personal or illegal messages that may be viewed as insulting or offensive. In this situation, appropriate disciplinary actions will have to be taken.

***(h) Harassment***

It is the Bank's responsibility to protect employees at all times against physical, mental or emotional harassment. Victims or witnesses of any forms of harassment or misconduct should promptly report the situation to the Human Resource Department, which will take appropriate action, including disciplinary action where applicable. The Bank should ensure that such reports are treated in utmost confidence.

***(i) Discrimination***

In the appointment, treatment or promotion of employees, the Bank must ensure that discrimination on the basis of gender, race, skin colour, age, social background or other grounds are not taking place. The Bank should seek to provide each and every employee with equal opportunity for advancement without discrimination.

***(j) Unions and Bargaining Processes***

The Bank works with unions to promote welfare of employees. The Management Team has a duty to deal fairly when involved in collective bargaining processes with representatives of employees.

***(k) Grievances channels***

The Bank should ascertain that a channel is in place to report grievances in utmost confidentiality. This should be dealt with by Human Resources Department.

***(l) Health and Safety***

The Bank must ensure that employment practices are adequately covered and laws governing labour relations are complied with. Health schemes with adequate benefits should be offered. The Bank should aim at creating a safe working environment by providing adequate machinery and equipment together with competent supervision.

***(m) Confidentiality***

Employees' profile with the Bank should be confidential and access should be restricted to authorised parties only.

## **6.2 Disclosure of confidential information**

Employees shall never divulge confidential information to anybody including other staff or outsiders. Access to sensitive information should be restricted to a few employees only. As per the Banking Act, Part VII, data, information and documents pertaining to the Bank are to be used strictly when performing respective duties; and can be communicated to third parties only to the extent that those information are required by them in connection with their transactions with the Bank; or where information is required

to be disclosed by law or court order. Employees should not use customers' account for their personal gains. Those having access to security decoding systems should not disclose or use such information for their personal benefit. Severe sanctions will be taken in case of breach.

### **6.3 Conflict of Interest**

Employees shall not place themselves in a position where their personal interests conflict with their duties within the Bank and their obligations towards the owners or shareholders. In particular, they shall ascertain that the following situations do not take place.

#### ***(a) Gifts***

All employees, including senior officers and directors shall not abuse power conferred to them by the privileged position they hold within the Bank. Consequently, accepting or giving any forms of benefit, such as sum of money, gifts, loans, pleasure trips or vacation, with the exception of promotional rewards can be considered as an inducement to influence the way in which one conducts his task and is therefore forbidden. Any entertainment accepted or given must be modest in nature and the prime objective should be to assist in the achievement of business objectives rather than personal gains.

#### ***b) Inside Information and Securities Trading within the Bank***

Employees including Senior Officers and Directors shall not act upon confidential inside information. They should not have any financial interests that could negatively impact on their performance and conflict with that of the Bank. Should they wish to acquire as employees, any shares issued by SBM Ltd, they must be aware that security laws prohibit them from using material inside information, which is likely to influence the price of securities of the Bank or affect investors' decision to buy the same shares. Employees should not give misstatement on intentional falsifications on Bank's profitability or risk profile with the sole objective to boost up sales of shares.

#### ***(c) Inside Information and Securities Trading in other companies***

Senior officers/Directors should not use or divulge confidential information to unauthorised parties. The law prohibits them from purchasing, selling, trading in or recommending for their own account or for others, any securities of corporation in respect of which the Bank possesses material inside information. Acting upon such information or communicating such information to third party is strictly prohibited by law.

#### ***(d) Personal dealings***

Employees must avoid all involvement in personal activities that conflict with their duties. Such transactions include lending to third parties, processing their own loan or that of their relations and handling their own financial transactions through the Bank.

## **6.4 Political Activities**

All employees who wish to participate directly or indirectly in activities political in nature must do so in a personal capacity and should resign as employee of the Bank. As per Bank policy, no contribution shall be given to support political candidates.

## **6.5 Other employment**

Employees should not be working for another institution while being in the employment of SBM Group.

## **7.0 SUPPLIERS**

### **7.1 Fair dealings**

The Bank must ascertain that tender procedures are carried out in all transparency, according to required standards. It must be ensured that tenders ultimately granted add value to the Bank. Procurement of facilities should be carried out in an open and judicious way.

### **7.2 Gifts**

In order to maintain its good reputation, the Bank must ascertain that no inappropriate gifts/rewards are given to personnel (or relations) of the supplier to influence the way they carry out their jobs. Employees found guilty of paying bribes or giving improper favourable treatment shall be subject to severe disciplinary sanctions.

### **7.3 Timely Payment**

The Bank should ascertain that suppliers are paid on time and according to agreed terms of trade.

## **8.0 COMPETITORS**

### **8.1 Fair Dealings**

The Bank should operate in a clean environment, fair and open to healthy competition. Competitors should be treated honourably in order to develop and maintain long-term relationships based on cordiality and mutual trust. The Bank shall not harm its competitors and shall apply accepted commercial competitive practices and practices in accordance with the Mauritius Bankers' Association Code amongst banks.

Under no circumstance should the Bank acquire confidential information of a competitor by espionage or by other means. The Bank should not violate the rights of competitors. Upon receipt of inside information relating to competitors, the Bank should ensure that intentional falsification or leakage of information does not take place.

## **8.2 Sharing of Information**

Cooperation and sharing of certain information among competitors should be allowed. However, as per the Code of Banking Practice, every bank should attempt to secure a written consent from its customers to share information with competing banks, subject to any law and regulation.

## **9.0 THE COMMUNITY**

The Bank should be committed towards the community as a whole. It should aim at participating within the means of the enterprise in projects that will uplift welfare and deliver value to the community at large.

The Bank should support charitable organisations. Directors and employees should be encouraged to participate more actively in community activities and civic affairs. Sponsorship provided by the Bank will be in kind only as far as possible and cheques will be directly remitted to the concerned supplier of services.

## **10.0 COMPLIANCE WITH LAW**

The Bank and its employees shall all adhere to laws and regulations that apply to the Bank. The Bank should be committed to strict observance of the regulations/acts prescribed by law or the Bank of Mauritius, the Financial Services Commission, the Mauritius Stock Exchange and the Government of Mauritius.

### **10.1 Laws on Anti Money Laundering and Corruption**

The Bank should comply with anti-corruption laws. Any suspicious or illegal transactions or behaviour should be promptly reported to the Money Laundering officer as per the Financial Intelligence and Anti Money Laundering Act and Prevention of Corruption Act. All Bank employees should be alert to the provisions of the Act and follow the policies and procedures set by the Bank from time to time to address this issue.

### **10.2 Other Laws and regulations**

Employees of the Bank should be familiar with the different guidelines issued by the Bank of Mauritius, concerning Corporate Governance, Fit and Proper Persons Criteria, Public disclosure of Information, Related party transaction. The Bank must make sure that employees at all level understand and comply with these laws.

The Bank should also comply with the rules and regulations issued by the Stock Exchange of Mauritius and with the provisions under the Stock Exchange Act.

Failure to comply with any such laws will be sanctioned by the disciplinary committee.

### **10.3 Collaboration of the Bank**

The Bank should be ready to cooperate with institutions such as the court or other regulatory and financial bodies to disclose information regarding suspicious transactions,

fraudulent activities or any other matters relating to its customers. Assistance should be given provided grounds are justifiable and within the legal framework so as not to cause prejudice to the Bank.

## **11.0 COMPLIANCE & ENFORCEMENT OF THE CODE**

Senior officers and Directors shall be responsible to communicate this code, ensure that employees understand their ethical obligations and comply with the provisions of this Code of Ethics and Business Conduct.

Any behaviour, which appears dishonest, illegal or suspicious, along with any evidence of favourable treatment or bribes should be immediately reported to management or immediate superior. The Bank should take all measures necessary to protect the identity of whistle blower and ensure confidentiality of the report.

It is the personal responsibility of each and every employee at different levels of the hierarchy to abide by the Code. Any problems encountered in understanding or observing the Code should be promptly reported to Team Leader or Human Resource Department. Non-compliance with the Code can lead to sanctions being taken against the employee. Depending on the seriousness of the breach, employees can face disciplinary proceedings. A waiver of any provision of the Code can be granted on justifiable grounds only, and prior written approval has to be obtained from Board of Directors of the Bank.

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