



Anti-Bribery & Anti-Corruption (ABAC) Policy

Document Version:1.3

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(All revisions made to this document are listed in chronological order)

Version No.	Date	Changes	Reviewed by	Approved by
1.0	February 1, 2022	New Policy	Chief of Internal Vigilance (CIV)	Board of Directors
1.1	April, 2024	Review	Chief of Internal Vigilance (CIV)	Board of Directors
1.2	January, 2025	Review	Chief of Internal Vigilance (CIV)	Board of Directors
1.3	February 2026	Review	Chief of Internal Vigilance (CIV)	Board of Directors

Ownership:

Version	Primary Owner	Secondary Owner
1.0	Chief of Internal Vigilance	Audit Committee of the Board (ACB)
1.1	Chief of Internal Vigilance	Audit Committee of the Board (ACB)
1.2	Chief of Internal Vigilance	Audit Committee of the Board (ACB)
1.3	Chief of Internal Vigilance	Audit Committee of the Board (ACB)

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1. Introduction

SBM Bank (India) Limited's ('SBMBI', 'the Bank') policy outline principles for conducting business with integrity and in accordance with the highest ethical standards. The Bank adopts a zero-tolerance approach to bribery and corruption and is committed to act professionally, fairly and with honesty in all its dealings. The Bank requires all its employees to be especially sensitive to this aspect in its dealings with the various stakeholders.

The Policy is framed in line with Reserve Bank of India's guidelines on 'Internal Vigilance in Private Sector/Foreign Banks' dated May 26, 2011, and the provisions of 'The Prevention of Corruption Act, 1988 (Prevention of Corruption). The said policy shall be annually reviewed and any changes shall be approved by the Audit Committee of the Board ('ACB') and then Board of Directors.

Compliance with the provisions of anti-bribery and anti-corruption (ABAC) laws are mandatory. Non-Compliance with above laws is a serious criminal and civil offence and can result in the imposition of heavy fines and/ or criminal prosecution and severe reputational damage on the Bank and its employees. Hence, Bank employees, their third Parties (like DSAs, Collection agents, and others) and suppliers are required to fully comply with the requirements of this policy.

The Bank prohibits receiving, offering, promising, giving, or authorizing others to give anything, either directly or indirectly, to any person or entity. We must not offer, promise, or grant anything of value to anyone for the purpose of influencing the recipient under any circumstances. Payments made indirectly through any intermediary or other third party are subject to the same restrictions.

SBM Bank (India) Limited may be referred as "the Bank" or "SBMBI"

2. Definitions

- **Employee** - means a person in the employment of the SBMBI (whether in India or overseas) either on an indeterminate or determinate contract.
- **Corruption**: The abuse of power that somebody has been entrusted with for private gain. Corruption includes a range of behaviours, such as embezzlement, collusion, extortion, and nepotism.
- **Bribery** – Offering, paying, promising, giving or authorizing others to give; or requesting, soliciting, accepting, obtaining, accepting to obtain, agreeing to receive, to any person or entity either directly or indirectly (may be of a government or commercial organisation as defined) to improperly influence his / her act or decision in order to obtain or retain business or to obtain an improper business advantage. Bribery includes not only direct payments, but also authorising or permitting a third party to commit any of the acts or take any part in the actions.

Bribery and corruption can take many forms including cash or gifts to an individual or family members or associates, inflated commissions, fake consultancy agreements, unauthorized rebates, non-monetary favours and false political or charitable donations. These actions may be undertaken directly or through a third party. It is illegal and immoral to, directly or indirectly, offer or receive a bribe.

Where an offence is committed by a commercial organisation and such offence is proved in the court to have been committed with the consent or connivance of any director / manager / secretary or other officer shall be of the commercial organization, such director / manager / secretary or other officer shall be guilty of the offence as defined under The Prevention of Corruption (Amendment) Act, 2018.

- **Commercial Organization** – means a body which is incorporated in India and which carries on a

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business, whether in India or outside India; any other body which is incorporated outside India and which carries on a business, or part of a business, in any part of India; a partnership firm or any association of persons formed in India and which carries on a business whether in India or outside India; or any other partnership or association of persons which is formed outside India and which carries on a business, or part of a business, in any part of India; "Business" includes a trade, profession, or providing service.

A person is said to be associated with the commercial organisation, if such person performs services for or on behalf of the commercial organisation.

- **Facilitation Payments** – Facilitation payments are unofficial payments made to secure or expedite a routine government action by a Government Official. These include small payments made, directly or indirectly, to Government Officials for the purpose of expediting or securing routine, non-discretionary government action, such as securing a business permit or license, customs invoice or visa, or providing services like police protection.
- **Sponsorships:** Sponsorships are any arrangement whereby SBMBI provides money, in-kind contributions, or anything of value to a third party, where SBM BI expects or intends to associate its image, brands, or products with an activity, event, or organization.
- **Family Member** – A spouse, parent, sibling, grandparent, child, grandchild, mother or father-in-law, domestic partner (opposite sex or same sex), or other family member who lives with you or who is otherwise financially dependent on you, or on whom you are financially dependent.
- **Gifts & Hospitality** – Include gift, hospitality, entertainment (including digital / virtual gifts like *e-gift cards, electronic tickets to events*) or other benefits from persons or companies with whom the Bank does or may do business or compete with. It means anything of value, including but not limited to meals, accommodation, loans, cash, favorable terms or discounts on any product or service, services, equipment, products, transportation, use of vehicles, vacation or other facilities, securities, home improvements, tickets, gift certificates, gift cards, discount cards, memberships or consulting relationships.
- **Nominal Gifts:** An item (such as small gifts, mementos, meals, sweets etc.) valued up to INR 4,000 (Indian rupee four thousand rupees) and received as part of business promotion to strengthen and build long-term business relationships may be accepted. Receiving such nominal benefits, however, shall not be in exchange for making, renewing, extending, or purchasing any goods for the Bank. Abrupt refusal of such nominal benefits would, in the opinion of the recipient, be impolite or could adversely affect the relationship with the customer or supplier, OR refusing or returning the same is impractical.
- **Government Official** – Government Official refers to any 'public servant' as defined under the Indian Prevention of Corruption Act 1988, including inter alia the following:
 - an officer, employee, agent, or other individual, regardless of rank or title, acting in an official capacity for or on behalf of central government, state government, local authority or establishments under the control of such government (including any official adviser to the government), its departments, agencies, or
 - instrumentalities, including government- or state-owned or controlled entities (e.g., national oil company, state-run utility, public hospital, sovereign wealth fund);
 - any judge, including any person empowered by law to discharge, whether by himself or as a member of any body of persons, any adjudicatory functions or any person authorized by a court of justice to perform any duty, in connection with the administration of justice, including a liquidator, receiver or commission appointed by such court.

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- Any other person holding an office by virtue of which he is authorized or required to perform any public duty.
 - an officer, employee, agent or other individual, regardless of rank or title, acting
 - in an official capacity for or on behalf of a public international organization (e.g., the World Bank or the United Nations).
 - any political party, officer, employee, or agent of a political party, or party official; or
 - any candidate for political office.

Stakeholders – Shall mean to include but not limited to individuals, directors, employees working at all levels and grades (whether permanent, fixed term or temporary), consultants, contractors, trainees, seconded staff, casual workers and agency staff, interns, agents, business partners, vendors, service providers, suppliers, contractual staff, apprentices, direct selling agents, and any other person / entity acting for and on behalf of the Bank.

3. Objectives

This policy emphasizes the Bank's zero tolerance approach to bribery and corruption. It establishes the principles with respect to applicable Anti-Bribery and Anti-Corruption. The policy provides information and guidance on how to recognise and deal with bribery and corruption issues. It mandates us to act professionally, fairly and with utmost integrity in all our business dealings and relationships, wherever and whenever we operate.

The Bank shall not encourage any kind of bribery and corruption and is determined to ensure compliance to all aspects of this policy. Accepting bribes or bribing anyone shall not be accepted, no matter for which purpose. The objectives of this policy are as under:

- Prohibit employees to make or offer to make an improper payment or other incentives/ accept any inappropriate benefit from anyone in exchange for gaining any sort of benefit. An improper payment can be anything of value, not just cash but also gifts, services, job offers, loans, travel expenses and entertainment
- Prohibit the persons and institutions within the scope of this Policy to offer facilitation payments to guarantee or speed up a routine transaction or process (obtaining authorization and license, providing document, etc.) with government agencies
- Provide information and guidance on how to recognize and deal with bribery and corruption issues
- Define the disciplinary procedures and reporting in case of violations or deviations from the policy
- Prescribe procedures to be followed in case of conflicts of interest or in case of receipt of gifts.

4. Applicability

Anti Bribery & Anti-Corruption Policy, shall be applicable to all officials of the Bank and stakeholders working with or on behalf of the Bank including but not limited to:

- Bank Employees: All Bank's board members, officers, directors and employees (including permanent, temporary, casual / contract workers, interns, and trainees) at all grades and levels, centers and jurisdictions. The officials located at overseas locations will also be covered under this policy.
- DSAs/ Collection Agents/ Business Correspondents (BCs): All agents acting on behalf of the Bank across counter, over phone, via internet or any other method or channel.

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- Vendors: All material and service providers to the Bank.
- Customers: All current or prospective clients / customers of the Bank.
- Any other: Any other stakeholder working on behalf of the Bank not included in the above like Third party agents, intermediaries, professional consultants etc.

5. Roles and Responsibility

5.1 Chief of Internal Vigilance and Vigilance department

The Chief of Internal Vigilance (CIV) will be responsible for building and monitoring a strong compliance culture at the Bank and will have the following responsibilities:

- To implement effective compliance practices to support adherence of the anti-bribery and anti- corruption policy;
- Review any incidents / transactions having a potential integrity conflict and brought to his / her notice and take decisions in best interests of the Bank w.r.t:
 - Donations;
 - Third party hiring;
 - Conflict of Interest;
 - Bribery to Government officials or Commercial organization;
 - Private to private sector
- Monitoring, reviewing and maintaining documentation for gifts received / offered by the Banks employees;
- To ensure that the regular training sessions (classrooms or webinars) and communication of this document has been done throughout the Bank including overseas offices;
- Review the Anti-Bribery and Anti-Corruption cases and present the report to the Audit Committee of the Board (ACB).
- CIV have unlimited access to the data of the Bank.

5.2 Employees

Compliance with provisions of anti-bribery and anti-corruption policy is expected from all employees of the Bank as under:

- Read and understand the Policy and ensure compliance with the terms and conditions mentioned in the Policy.
- Participate in and complete the anti-bribery and anti-corruption training that is provided by the Bank from time to time.
- Should not offer or give to any person or accept from any person any bribes, kickbacks, or any other improper benefits. The Bank prohibits bribery in any form to or from any person.
- Must be particularly careful about any interactions with Government Officials as provision of any business gift or hospitality to a Government Official is subject to more stringent guidelines.

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- Must not make any Facilitation Payments or political contributions.
- Declare to the Chief of Internal Vigilance all gifts or hospitality accepted or offered in conjunction with the Code of Conduct.
- Be mindful of red flags before on-boarding and while dealing with third party intermediaries. If any employee suspects that any of the Bank's third parties may be giving or receiving improper payments, they are required to report this to the Chief of Internal Vigilance.
- Travel and entertainment expenses should be incurred only for business transactions/official purposes and are to be claimed on the basis of supporting documentation.
- Report any conflict of interest with any present or prospective employees, third parties, suppliers and customers.
- Must cooperate with any internal audits/investigations conducted by the bank and provide information in a timely manner.
- Report any violation of the Policy or instances of bribery / corruption noticed to their Supervisor / reporting manager/ Chief of Internal Vigilance immediately.

5.3 Third Parties – Vendors and Suppliers Responsibility

The Bank prohibits bribery in any form to or from any person. Accordingly, the Bank has certain expectations from its third parties (including DSAs, Collection agents, service providers and others) with respect to Anti-Bribery and Anti-Corruption Policy. Following are the duties of the third-party intermediaries (including DSAs, Collection agents, service providers and others):

- Must ensure that they have read and understood the anti-bribery and anti-corruption policy of the Bank and, must at all times comply with the terms and conditions of this policy.
- Disclose true and fair information to the Bank for due diligence conducted at time of on-boarding.
- Not to offer or give to any person or accept from any person any bribes, kickbacks, or any other improper benefits.
- Must be particularly careful about any interactions with Government Officials as provision of any business gift or hospitality to a Government Official is subject to more stringent guidelines.
- Must not make any Facilitation Payments or political contributions on Bank's behalf.
- Report any conflict of interest with any of the Bank's employee.
- Must provide declaration to the Code of Conduct at the time of onboarding and on renewal of contract/agreement thereafter.
- Must cooperate with any internal audits/ investigations conducted by the Bank and provide information in a timely manner.
- Participate in anti-bribery and anti-corruption training that is provided by the bank from time to time.

6. Policy Guidelines**6.1 Bribery & Corruption**

The Bank strictly prohibits all forms of bribery and corruption practices involving, but not limited to,

Government Official or a private sector person or company. The Bank shall conduct its business lawfully and ethically and expects every Stakeholder to conduct its business with integrity. The Bank prohibits the making or accepting of Facilitation Payments of any kind for any favours to facilitate or expedite official business or work.

6.2 Gifts & Hospitality

Providing gifts and hospitality:

Any Gifts, hospitality, business courtesies and entertainment may be given to stakeholders at the Bank's expense only if they meet all the following criteria:

1. They are consistent with customary business practices.
2. They are not in contravention of applicable law.
3. They are not offered to politicians or political parties or Government Officials.
4. Public disclosure of the facts will not create the appearance of impropriety; and
5. Prior approval from the department head / Location head and Chief of Internal Vigilance has been obtained, if the gift / hospitality value is more than the nominal value. All these Gifts are to be updated in the gift & entertainment Register maintained with Branches / Respective departments.

Exceptions to the above rules shall include offering Banks advertising or promotional items such as a calendar or diary and providing modest hospitality in connection with business activities. Further, employees of the Bank's are restricted from making use of personal funds or resources to provide gifts/ hospitality or entertainment to any stakeholder or government officials or private persons.

In no case, shall a bribe be garbed as payment, gift or business courtesy. In case of doubt whether a particular article is an eligible gift, prior approval from the Chief of Internal Vigilance shall be taken. Bank's employees may receive or offer business courtesies to customers on special occasions/ events/Conference / awards / seminars and sponsorships, provided they are infrequent in nature and the above-mentioned conditions are met.

Receiving gifts and hospitality:

As a rule, Bank's employees shall – avoid accepting gifts, entertainment or incentives from current or prospective customers or suppliers / vendors or any other stakeholder. All business courtesies / nominal gift offered to and accepted by Bank employees are courtesies that belong to the Bank. However, its prohibited to get courtesies in the form of cash and - in no case shall an employee accept any gift which is in the nature of a bribe irrespective of any amount.

-Employees shall neither seek nor accept for themselves or others any gifts, favours, business courtesies or entertainment without a legitimate business purpose, nor seek or accept loans (other than conventional loans at market rates from lending institutions) from any person or business organization that does or seeks to do business with, or is a competitor of the Bank.

Reasonable and appropriate hospitality, courtesies / nominal gift is not prohibited if the person offering it is in attendance. However, it shall be strictly limited to meals as may be offered (to and/ or received) and only if it is reasonable and justifiable in all circumstances, taking into account reason and nature, appropriate type, value, given at an appropriate time and not made with the intention of influencing or to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits.

Employees of the Bank who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business, or who participate in negotiating contracts must be particularly careful to avoid actions that create the appearance of favouritism or that may adversely affect the bank's reputation. Employees should avoid a pattern of accepting frequent courtesies from the same persons or companies.

Further, any gift received by any employee should not lead to compromise in their integrity or have impact on their decision-making or cause them to act favourably to any party.

Reporting of Gifts and hospitality received –

If it is unavoidable to refuse / return the gifts, hospitality, or benefits then the same must be reported to the Chief of Internal Vigilance (CIV) (civ@sbmbank.co.in). Reporting should be done as per the declaration and disclosure formats as provided in the Annexures. Employees should mark their Location Heads or Department Heads in the email sent to CIV. Also, any gift / entertainment exceeding the nominal value must be approved by the respective location head /department head.

Alternatively, genuine concerns on the violations of the company policies may be reported through the Whistle Blower mechanism as per the Whistle Blower Policy of the Bank.

6.3 Political Contributions

The Bank is strictly prohibited from taking any part in politics and shall not involve other employees, clients, suppliers/ vendors or any other party with whom the Bank does business.

In line with the same, the Bank shall not make any political contributions to any political party official or political party.

Any Stakeholders engaging in political activities must ensure that the Bank's name or trademark is not used for political activities of any kind or provide money or other forms of support to political parties on behalf of the Bank.

6.4 Charitable Donations

The Bank may make charitable donations which may include donations of money or in-kind donations of goods or services by the Bank. Such charitable contributions must be permitted under the existing laws & regulations and should be made to a legitimate and bona-fide organisation. The value of such donations should be reasonable, and details of such donations shall be adequately properly documented and kept on record.

Employees of the Bank are permitted to make personal donations. However, such donations should not interfere or in any way conflict with the employee's work with the Bank in any manner and should not in any way be associated / linked with the Bank's name.

6.5 Engagements with Stakeholders

As may be applicable, a Stakeholder appointed to act on behalf of the Bank must be selected on the basis of their commercial and technical expertise and the Bank's need for the products or services. No person or entity may be appointed on the basis of a relationship with a Government Official, government department or business associate, or because of a family connection or friendship. Prior to entering into a relationship, the Bank requires its employees to conduct appropriate due diligence in accordance with its procedures to ensure that such a stakeholder is a legitimate service provider and to identify circumstances suggesting that such stakeholder has not engaged or may not be engaging in illegal or unethical conduct. Any red flags discovered prior to commencement or during the course of the business relationship must be reported to

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the Chief of Internal Vigilance for further investigation. Should any employee / Person discover any illegal or unethical conduct by such stakeholder, he / she should report this to the Chief of Internal Vigilance within one week from the date of discovery.

As may be applicable, a stakeholder, at the start of any relationship with the Bank are required to be in compliance with the applicable anti-bribery and anti-corruption laws and shall comply with this Policy.

6.6 Actions / Behavior that may be construed as 'Bribery'

While deciding whether an action and behavior can be interpreted or perceived as anti-lawful and / or corrupt, the following should be kept in mind:

- Intent of the transaction
- Whether or not there is a 'quid pro quo' involved
- The person / entity at the receiving end is a Government Official / Government Department
- The person/ entity at the receiving end is an employee in commercial organisation/ Commercial Organization
- Whether or not adequate approvals and documentation exist for the transaction
- Whether it would create an actual or perceived 'conflict of interest'.

Bribery risks are not limited to cash payments and may arise from an offer or transfer of anything of value.

7. Record Keeping

The Bank shall keep records of gifts received and provided with reasonable accuracy to the extent these have been reported by the Bank's employees. It shall be the duty of all the Bank's officials to maintain details for the activities mentioned under this policy and adequately report the same.

The Bank shall also maintain internal controls to prevent and detect potential violations of this Policy or of applicable laws. All persons must completely and accurately document the amount of all transactions, including payments made on behalf of or expenses incurred by the Bank.

8. Reporting Violations

All employees/stakeholders are encouraged to raise concerns about any issue or suspicion of non-compliance with this Policy to the Chief of Internal Vigilance (civ@smbank.co.in). If they are unsure whether a particular act constitutes Bribery or corruption, they should immediately contact the concerned Location Head or Department Head. The Bank aims to encourage genuine reporting of non-compliance and will support anyone who raises concerns in good faith under this Policy.

The Bank may investigate all allegations relating to corruption and Bribery and take legal or disciplinary action as may be deemed appropriate. All reports under this Policy would receive confidential treatment and the Bank would protect the identity of any person who reports a suspected violation.

Any use of the reporting procedures in bad faith or in a false or frivolous manner will be considered a violation of the code of conduct, and the reporter may be subject to disciplinary action, up to and including termination.

Details on complaints received for violation of this policy and the corresponding investigation / actions taken shall be reported to the ACB quarterly and to Board annually.

9. Policy Violations

Violation of this Policy may result in appropriate legal action / disciplinary action.

10. Policy Review & Amendment

The policy shall be reviewed by the Chief of Internal Vigilance annually, and changes if any shall be put forth before the Board for review and approval through ACB (Audit committee of Board).

11. Contact Detail

In case of any query, you may reach out to the following contact details-

Name	Email ID
Chief of Internal Vigilance	civ@sbmbank.co.in

12. Regulatory reference

Sr. No	Particulars
1	RBI guideline on Internal Vigilance in Private Sector/foreign Banks
2	The Prevention of Corruption Act, 1988