

ANTI BRIBERY AND CORRUPTION POLICY OF DFCC BANK

1.0 Purpose

World-wide developments in the financial industry have necessitated each financial institution to publish their own Anti-Bribery and Corruption (ABC) mechanism for the purpose of good governance and ethical conduct of business. Hence the overall objective of this policy is to establish and maintain a high standard for conduct and ethical behaviour amongst the employees, and the persons who are authorized to act on behalf of the Bank (hereinafter referred to as DFCC Officers) as well as Directors of DFCC Bank, for the purpose of maintaining a sustainable culture of ethical business practices and complying with statutory and regulatory requirements of the country concerning bribery and corruption. Further, by virtue of this policy the Bank, Directors and DFCC Officers are required to establish and maintain business relations only with the service providers who are willing to observe the parameters of the ABC policy. The Anti-bribery & Corruption (ABC) policy sets out the minimum standards of behaviour expected by all employees of DFCC Bank.

1.1 Necessity for Implementation of an Anti-Bribery and Corruption Framework

Matters and issues arising out of Bribery and Corruption have serious consequences for employees as well as for the Bank. A Director or a DFCC officer who gives, receives or agrees to give or receive a bribe violates all parameters of professional, business and ethical conduct and further commits a criminal and/or regulatory offense potentially exposing the Bank to criminal and/or regulatory liability and civil lawsuits locally and/or globally. The Directors or DFCC officers may also be subjected to civil and/or criminal fines, penalties and/or imprisonment. Further, incidents of bribery and corruption could pose very high level reputational and financial risks to the Bank. Hence, a necessity arises to maintain an anti bribery and corruption framework well cemented within the Bank.

2.0. Definition of Bribery and Corruption

a. Bribery

Bribery is commonly described as offering, promising, giving, requesting, accepting, authorising, soliciting or agreeing to receive anything of value either directly or indirectly to or by an individual, in order to improperly induce, influence or reward the performance of a function or an activity. Bribery occurs in a commercial background or involves the misuse of public office or public power for private gain in order to obtain, retain or direct business or to improperly secure any other advantage in the conduct of business.

In simple terms bribery involves the process of an individual attempting to entice another do something for him/her by giving the other money, presents, entertainment or any other benefit or service that the other deems of value.

b. Corruption

Corruption could be defined as any activity that involves the abuse of position or power for an improper personal or business advantage whether in the public or private sector. This is also a state or situation emanating from providing, soliciting, sanctioning or offering a bribe.

3.0. Corporate Commitment

The Anti-Bribery and Corruption Policy and the procedure is binding on the Directors of DFCC Bank and DFCC Officers and the Bank exercises a zero tolerance policy towards bribery and corruption. The Board of Directors and the corporate management would provide an example from the top and expects all staff members to comply with the relevant laws, regulations and guidelines in place to prevent bribery and corruption. The Bank is committed to initiate stern measures against all staff members, irrespective of their position or experience, under the covenants of the Bank's Disciplinary Policy and the Procedure. The Bank is also committed to transparency in all its dealings. This includes transparency in managing actual, potential or perceived conflict of interest, and transparency in Bank's dealings with the customers and suppliers. Transparency also extends to the way in which relationships are managed with people who are politically exposed, recruitment, remuneration process and dealings with the regulators.

4.0 Relevance of the Other Policies, Regulations and Guidelines of the Bank for the Implementation of the ABC Policy

The Employee Handbook which outlines the code of conduct for all employees will be the base for the expected conduct by the staff members. In particular, following sections of the Handbook will have a special direct bearing of the staff conduct and behaviour expected under this policy. Further, all other relevant covenants of all other policies, procedures and guidelines maintained across the Bank will also be applicable in administering, monitoring and implementation of this policy.

- 1.6 – Corporate Governance
- 2.2 – Misconduct
- 2.6 – Work Expectation
- 2.8 – Professional Conduct
- 2.9 – Maintaining Confidentiality
- 2.10 – Proprietary or Confidential Information not belonging to DFCC
- 2.12 – Avoid Harassment and Discrimination

- 2.13 – Misleading, Fraudulent or Deceptive Conduct
- 2.15 – Political Activities and Contributions
- 2.17 – Integrity and Accuracy of Records and Reports
- 2.26 – Use of Access Passwords
- 2.28 – Policy on Handing Over Keys
- 3.4 – Respecting Confidentiality and Protect Data
- 3.5.1 – Personal Favours from Customers
- 3.7 – Suspicious Transactions
- 3.7.1 – Prevent Money Laundering & Terrorist Activity
- 4.0 – Code of Conduct Business Ethics (Sections 4.1 to 4.16)
- 13.1 – Use of DFCC Assets
- 13.4 – Whistling Blowing Policy

5.0 Prohibition/Prevention

5.1. Prevention of Bribery -

The Directors and DFCC officers are prohibited from

- Offering or suggesting a bribe, or consenting the offer or proposal of a bribe
- Paying bribes
- Soliciting or accepting a bribe to influence a decision, to obtain unauthorized access to confidential information, or to do or not to do a particular act
- Making facilitation payments* (elaborated below)
- Contracting a third party to any of the above acts
- Engaging vendors or suppliers who are known and or vulnerable for bribery and corruption
- Processing funds known to be or reasonably suspected of being the proceeds of bribery or corruption.
- Accepting gifts and inducements from clients and other external parties you come into contact during the course of your work at the Bank other than token items of nominal value (not exceeding Rs.10,000) and given in relation to a festive occasion.

Accepting any gift or inducement under any circumstance if a client is in arrears or has applied for new/additional facilities from the Bank,

Clarification

Should an employee be in a position in which he/she feels obligated to accept a gift exceeding the above mentioned value or if he/she feels that the client would be offended by his/her refusal, the employee should consult his/her superior. In the event, he/she is instructed to accept the gift, an official record of the details, including an acknowledgment of the superior, should be kept in a relevant file

***Facilitation Payments**

Facilitation payments are petty and unofficial, undue payments paid to execute or accelerate a certain function or establish a certain action by an official.

5..2 Payments/Fees to Government Institutions

DFCC officers shall ensure that such fees made should be limited to the official charges imposed by the relevant government, semi government institutions.

5..3 Donations to Charities

Donations should be made direct to the organizing/managing bodies and not through third parties especially when a public official/body is associated

5..4 Sponsoring Politicians/Political Parties

No such payments should be made under any circumstance

5..5 Engaging Public Officials

DFCC officers should not influence or attempt to influence public officials in order to obtain approvals, permissions or sanctions or to obtain or retain business or an advantage in business. The DFCC officers should also be very cautious in inviting public officials, their relatives or their close associates for functions organized by the Bank.

5..6 Employment Contracts

Recruitment initiatives must be merit based, fair and in compliance with the Resourcing Policy of the Bank. Hiring for paid or unpaid, temporary or permanent roles must not be used to influence third parties or to obtain or retain business or an advantage in business. Adequate measures should also be taken to maintain transparency when recruiting candidates reportedly having contacts with public officials.

5..7 Books and Records

DFCC shall not engage in improper accounting or concealment of complete and accurate financial activity. All employees have the responsibility for accurately documenting the provision of anything of value provided to customers, whether current or potential, public officials or any other third party.

Equally, the Bank shall maintain records for anything of value provided by the customers, potential customers, public officials and any other third party.

5..8 Laundering the Proceeds of Bribery

Adequate customer due diligence procedures are in place to detect and prevent money laundering and hence all DFCC Officers shall have the responsibility to reasonably prevent the Bank being used by customers to facilitate financial transactions involving improper payments or deposits reasonably believed to be the proceeds of bribes.

6.0 Implementation of the Anti-Bribery and Corruption Policy

The Fraud Risk Management Committee (FRMC) will oversee the relevance, applicability and the implementation of this policy with assistance from the Human Resources Department, Integrated Risk Management Department, Internal Audit Department, Litigation Department and the Compliance Department.

6.1 Responsibility of the Business and Line Managers

All unit (Branches and Departments) managers will have the primary responsibility for educating staff on the ABC requirements and ensure compliance with the ABC regulations. Senior executives and managers are accountable to set a strong culture of honesty and integrity through leading by example.

6.2 Reporting of Fraud Incidents to the Board of Directors

In the event an act of bribery or corruption of significance has taken place, the Board will be duly informed either by the Internal Audit Department and/ or the HR Department and the FRMC also to be notified by the IAD and/or the HRD. Reporting of matters and/or incidents to the Board falling within the definition/scope of fraud will be by way of FRMC Meeting minutes

The FRMC minutes will inter alia include the following (if any)

- Significant deviations from the ABC regulations and other relevant regulations contained in the Staff Handbook etc.
- Engagement of intermediaries with the potential of presenting increased risks
- Relevant legal and regulatory developments
- Updates on any internal reviews of the ABC mechanism (e.g. audits, compliance testing)
- Any other significant issues such as regulatory reporting or filings in relation to bribery and corruption committed by the stake holders that come to the attention of the FRMC

6.3 Independent Review

Periodic reviews will be conducted by the Internal Audit Department of the Bank to test the control structure and ensure its effectiveness. The Head of IAD has the discretion to assign any external accounting or law firm to verify the adequacy of the tests carried out by the IAD.

6.4 Duty of Staff in Adhering and Reporting

All Directors and DFCC officers are responsible for the prevention, detection and reporting of bribery and other forms of corruption in connection with the conduct of business of the Bank irrespective of their level of employment.

The responsibility for reporting any incident or attempt to offer or receive bribe or engage in corruption has been primarily entrusted to staff members under the whistle blowing policy of the Bank. The reporting will be directed to authorities designated under the whistle blowing policy of the Bank

7.0. Training and Awareness

The Human Resources Department will ensure the contents of the policy are accessible to staff on the Bank's intranet and e-learning portals. New employees joining the Bank will be required to sign off confirming that they have read and understood the contents and stipulations of the ABC policy and confirm the adhere to same. Information on the ABC policy of the Bank will also be communicated to new staff during on-boarding sessions.

In addition, periodic training programs for all levels of employees shall be conducted by the HRD in collaboration with the FRMC for the purpose of prevention, identification and remediation of bribery and corruption issues and for the purpose of effectively communicating ABC policies, standards and procedures, as mandated by this policy, for all individuals, groups, teams and committees to ensure that appropriate due diligence and controls are applied so that Directors and DFCC officers would comply with the letter and spirit of applicable anti-bribery legislation and regulations.

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