POLICY ON CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT
Version 6.0

TAMILNAD MERCANTILE BANK LTD

SECRETARIAL SECTION

POLICY ON CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT

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TAMILNAD MERCANTILE BANK LTD., SECRETARIAL SECTION

Policy on Code of Conduct for Board of Directors & Senior Management

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CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT

1. INTRODUCTION

The Code of Conduct of the **Tamilnad Mercantile Bank Limited** ("**Bank**") attempts to set forth the guiding principles on which the bank shall operate and envisage adhering to the highest standards of honest and ethical conduct. Every Director and Senior Management Personnel is expected to read, understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in the performance of his/her duties, functions and responsibilities

This Code adopted by the Bank on 03.08.2021, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, outlines what is expected by the Bank in terms of behaviour and actions of its Board of Directors and Senior Management Personnel. By following the Code, commitment to good conduct and control framework is ensured and compliance culture of the Bank is supported.

2. APPLICABILITY

This Code of Conduct shall be applicable to the Board of Directors and the Senior Management Personnel of the Bank. Directors and Personnel should also review other applicable policies and procedures of the Bank for specific instructions and guidelines, which are to be read in conjunction with this Code.

For the purpose of this Code, "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the "executive directors, including all Functional Heads (under Vice President & above cadre) ["chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer].

3. GENERAL CODE OF CONDUCT

3.1. Common standards of conduct

The Bank expects every Officer and Director to -

a. Understand their responsibilities under the Code.
b. Act with diligence, honesty, good faith and integrity as well as high moral and ethical standards.
c. Identify and follow the policies and procedures relevant to their role.
d. Deliver on commitment to good conduct in the actions every day.
e. Complete all mandatory compliance education programmes **organised by CAFRAL, IDRBT and other regulatory bodies**.
f. Conduct oneself in the letter and spirit of the applicable laws, Rules and Regulations, comply with the procedures and policies laid down by the Bank and encourage other officers to do the same.
g. Make disclosures to the Bank relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Bank at large.

3.2. Integrity

Honesty is the basis of a Code of conduct to which the Bank gives great importance. Honesty is the key qualification that all employees must have and realize as top priority as per the banks culture.

3.3. Confidentiality and non - disclosure of information

i) The Bank's confidential information is a valuable asset. It includes all trade related information, trade secrets, confidential and privileged information, customer information, employee related information, strategies, administration, research in connection with the Bank and commercial, legal, scientific, technical data that are either provided to or made available to each member of the Board of Directors and the Core Management by the Bank either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Bank. All confidential information must be used for Bank's business purpose only.

ii) The responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Bank's policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Bank has rightfully received under non disclosure agreements.

iii) To further the Bank's business, confidential information may have to be disclosed to potential business partners. Such disclosure should be made after considering its potential benefits and risks. Care should be taken to divulge the most sensitive information, only after the said potential business partner has signed a confidentiality agreement with the Bank.

iv) Any publication or publicly made statement that might be perceived or constructed as attributable to the Bank, made outside the scope of any appropriate authority in the Bank, should include a disclaimer that the publication or statement represents the views of the specific author and not the bank.

3.4. Conflict of Interest

A "conflict of interest" occurs when personal interest of any member of the Board of Directors and of the Core Management interferes or appears to interfere in any way with the interest of the Bank. Every member of the Board of Directors and Core Management has a responsibility to the Bank, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the Bank's interest such as –

Employment/Outside Employment – The members of the Core Management are expected to devote their total attention to the business interests of the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank or otherwise is in conflict with or prejudicial to the bank.

Business Interests – if any member of the Board of Directors and Core Management considers investing in securities issued by the Bank's customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to the Bank. Many factors including the size and nature of the investment: their ability to influence the Bank's decisions: their access to confidential information of the Bank, or of the other entity, and the nature of relationship between the Bank and the customer, supplier or competitor should be considered in determining whether a conflict exists. Additionally, they should disclose to the Bank any interest which may conflict with the business of the bank.

Related Parties – As a general rule, the Directors and members of the Core Management should avoid conducting Bank's business with a relative or any other person or any firm, Company, Association in which the relative or other person is associated in any significant role, **if not in the ordinary course of business**.

Section 2 (76) of the Companies Act, 2013, defines "related party", with reference to a company, as —

(i) a director or his relative;
(ii) a key managerial personnel or his relative;
(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private company in which a director or manager or his relative is a member or director;
(v) a public company in which a director or manager and holds is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
(vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
(viii) any company which is—
(A) a holding, subsidiary or an associate company of such company; or
(B) a subsidiary of a holding company to which it is also a subsidiary;
(C) an investing company or the venturer of the company;";
Explanation—For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]
(ix) such other person as may be prescribed;

Section 2 (77) of the Companies Act, 2013, defines "relative", with reference to any person, means any one who is related to another, if—

(i) they are members of a Hindu Undivided Family;
(ii) they are husband and wife; or
(iii) one person is related to the other in such manner as may be prescribed; i.e., father, mother, son, son's wife, daughter, daughter's husband, brother, sister.

3.5. Acceptance of gifts

Offering or accepting gifts or other benefits and giving or accepting entertainments are allowed but in the proper manner without having any form of influence over the Bank's decision-making. The Directors/ Officers are prohibited to offer or accept bribe.

3.6. Insider Trading and dealing in Shares

The misuse of inside information undermines the entire financial system and unfairly disadvantages others in the market. The Directors/ Officers must not exploit the Bank's internal information for their own benefits or others to ensure the fairness of stakeholders especially on insider trading.

No Insider shall deal in securities of the Bank either on their own behalf or on behalf of any other person when in possession of any unpublished price sensitive information or communicate, provide or allow access, counsel or procure, directly or indirectly any unpublished price sensitive information to any other person except when the same is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. Additionally, Bank's Code of Conduct to Regulate, Monitor and Report Trading by Insiders must be complied.

3.7. Usage of Banks assets

Directors/ Officers shall put in place a system to protect and ensure the efficient usage of banking property including premises, equipment, computer software, systems and intangible assets.

3.8. Fair dealings

The Bank aims to fairly treat all clients, operate with transparency and authenticity and fight financial crime in all its forms. The Bank aims to treat all employees fairly and encourage them to work together to deliver their best. Care should be taken not to divulge the most sensitive information.

3.9. Personal and professional conduct

The Directors/ Officers of the Bank should maintain good conduct, discipline, punctuality, show courtesy and attention to all the customers and vendors, regulators etc., in their transactions or dealing with the Bank.

3.10. Regulatory Compliance

All the Directors/ Officers of the Bank should comply with all the applicable laws, regulations, rules and regulatory orders. They should report any inadvertent non-compliance, if any, to the concerned authorities.

3.11. KYC and AML

The Directors/ Officers should uphold the Bank's policy on KYC and AML and attend regular trainings for the same.

4. ADDITIONAL DUTIES OF DIRECTORS

4.1. Duties of the Board

Without limiting the details of the duties mentioned under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015, Regulations/Guidelines issued by Reserve Bank of India ("RBI") and other applicable laws, the Director(s) shall, while carrying on his/her duties as a Director of the Bank shall:

a. Employ such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;
b. In the performance of his/ her duties take such care and diligence as he/she might be reasonably expected to take on his/her own behalf and exercise any power vested in him/her in good faith and in the interests of the Bank

c. Strive to attend all meetings of the Board and Committees thereof with fair regularity and participate constructively in which they are members or chairpersons;
d. Not seek to influence any decision of the Board for any consideration other than in the interests of the Bank;
e. Strive to attend the general meetings of the Bank
f. Bring independent judgement to bear on all matters affecting the Bank brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures and standards of conduct.
g. Not assign his/ her office and any assignment so shall be void.

4.2. In addition to the norms as prescribed under this Code, the Independent Directors of the Bank shall also abide by the "Code for Independent Directors" as prescribed under Schedule IV to the Companies Act, 2013, as amended and **Annexure II** where extract of the Code for Independent Directors is made available.

5. DOS & DON'TS FOR BOARD OF DIRECTORS

RBI Master Direction on Governance, 2025, vide Ref.No. RBI/DOR/2025-26/149 DOR.HGG.GOV.No.68/29.67.001/2025-26 dated November 28, 2025, had laid down some specific do's and don'ts for the Directors of the Board which should form the basis of individual evaluation of directors. Therefore, the same is reproduced below:

DO'S		DON'TS	
i)	**Attend the meetings regularly and effectively.**	**i)**	**Do not send any instruction to any individual officer of the Bank or give direction to individual officer in any matter.**
ii)	**Study the Board papers thoroughly and use the good offices of the Chief Executive for eliciting any information at the Board meeting.**	**ii)**	**Do not involve yourself in any matter relating to personnel administration, whether it is appointment, transfer, posting or promotion or a redressal of individual grievances of any employee.**
iii)	**Ask the management to furnish you with the Board papers and follow-up reports on a definite time schedule.**	**iii)**	**Do not interfere in the day-to-day functioning of the Bank.**
iv)	**Involve yourself as Director on the Board thoroughly in the matter of formulation of general policy and also ensure that performance of the**	**iv)**	**Do not approach or influence for sanction of any kind of facility from an individual Branch Manager or any other official.**

	Bank is monitored adequately at Board levels.		
v)	**Be familiar with the Board objectives of the Bank and the policy laid down by the Government and the Reserve Bank.**	**v)**	**Do not involve yourself in the routine or everyday business and in the Management functions.**
vi)	**All constructive ideas for the better Management of the Bank and for making valuable contribution would be welcome.**	**vi)**	**Do not participate in the Board discussion if a proposal in which you are directly or indirectly interested comes up for discussion. Disclose your interest well in advance to the MD&CEO / CEO.**
vii)	**You must work as a team and not sponsor or be prejudiced against individual proposals. Management on its part is supposed to furnish full facts and complete papers in advance.**	**vii)**	**Do not reveal any information relating to any constituent of the Bank to anyone as you are under oath of secrecy and fidelity.**
viii)	**Offer as much of wisdom, guidance and knowledge as possible to the management;**	**viii)**	**Do not sponsor any loan proposal, buildings and sites for bank's premises, enlistment or empanelment of contractors, architects, doctors, lawyers, etc., or do anything which will interfere with and / or be subversive of maintenance of discipline, good conduct and integrity of the staff.**
ix)	**Analyse the trends of economy, assist in the discharge of management's responsibility to public and formulation of measures to improve customer service and, be of constructive assistance to the bank management.**	**ix)**	**Do not call for papers / files / notes recorded by various departments for scrutiny etc. in respect of agenda items to be discussed in the meetings. All information / clarification that they may require for taking a decision shall be made available by the management.**
		x)	**Do not send for individual officers of the Bank or give directions to such officers on any matter;**

		xi)	**Do not encourage an individual employee or union to approach them in any matter;**
		xii)	**Do not display the logos or distinctive design of the Bank on their visiting card/ letter head. They may indicate their directorship of the Bank on their visiting card or letter heads.**

6. ANNUAL AFFIRMATION

The Board of Directors and Senior Management Personnel shall affirm compliance with the Code on an annual basis as per Annexure I. The Annual Report of the Bank shall contain a declaration to this effect signed by the Managing Director & CEO.

7. PUNITIVE ACTIONS ON BREACH

The Bank reserves its right to take necessary actions against those who repeatedly or intentionally fail to follow the Code of Conduct as per extract of Laws / Rules / Guidelines. **Any waiver of the Code of Conduct applicable to a member of the Board or Senior Management shall require approval by the Board.**

8. REVIEW OF CODE

The Bank may review/modify the Code of Conduct, from time to time, as deemed necessary and appropriate.

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Annexure I

Date: _______________

To,
The Company Secretary,
Tamilnad Mercantile Bank Limited

Dear Sir/ Mam,

Sub.: Confirmation of Compliance to the Code of Conduct of the Bank.

I, Mr./ Ms./ Mrs.________________________, _______________________ hereby confirm that I have read and understood the provisions of the Code of Conduct of the Bank and affirm compliance to the Code of Conduct at all times.

Yours faithfully,

Name:
Signature:
Employee Id/ DIN:

Annexure II

CODE FOR INDEPENDENT DIRECTORS

In Pursuance to Schedule IV of the Companies Act, 2013

I. Guidelines of professional conduct:

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a bonafide manner in the interest of the Bank;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Bank as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his position to the detriment of the Bank or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the Bank in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

2. bring an objective view in the evaluation of the performance of board and management;

3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

5. safeguard the interests of all stakeholders, particularly the minority shareholders;

6. balance the conflicting interest of the stakeholders;

7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;

8. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Bank;

2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Bank;

3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

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 the Bank;

6. where they have concerns about the running of the Bank or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

7. keep themselves well informed about the Bank and the external environment in which it 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 the Bank;

10. ascertain and ensure that the Bank has an adequate and functional vigil mechanism and to ensure 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 the Bank's code of conduct or ethics policy;

12. act within their authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees;

13. not 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.