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## Vigilance Department

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### **Anti-Bribery and Anti-Corruption Policy (Annexure to the Vigilance Policy of the Bank)**

Approver	Board of Directors
Approved on	08.08.2025
Policy Owner	Vigilance Department
Review frequency	Bi-Annual

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## 1. Introduction

ESAF Small Finance Bank is committed to highest standards of ethical behaviour and has zero tolerance towards bribery and corruption, and the institution is especially sensitive to this aspect in the dealings with the various entities in all situations. Bank prohibits offering, promising, giving, or authorizing others to give anything either directly or indirectly, to any person or entity. Bank or Bank employees 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.

The compliance with the provisions of anti-bribery and anti-corruption policy are mandatory. If a local law or a business unit imposes stricter requirements than those described in Anti-bribery & anti-corruption policy, then the more stringent of the two shall need to be adhered to.

The objective of this policy is to ensure that neither the Bank nor any of its employees (whether full-time or contractual employees and including trainees and interns), directors, agents, associates, banking channel partners, vendors, consultants, advisors, representatives or intermediaries indulge in any acts of 'Bribery' or 'Corruption' in discharge of their official duties towards the Bank, either in their own name or in the name of the Bank.

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. Hence, bank employees, joint ventures and their third Parties (like DSAs, GI Partners, Vendors, Collection agents, and others) and suppliers are required to fully comply with the requirements of this policy.

The policy clearly defines the terms 'bribery' and 'corruption' and enumerates the different acts of corruption and punishable offences, in line with the regulatory guidelines (RBI's 'Internal Vigilance in Private Sector/Foreign Banks) and provisions of the 'The Prevention of Corruption Act 1988.

## 2 Scope

This Policy applies to all the Stakeholders, or any other person associated with the Bank and who may be acting on behalf of the Bank. This Policy sets out the minimum standard that must be followed at all the times. Where any local regulations are stricter than this Policy, they will take precedence over this Policy.

## 3 Applicability of Anti-Bribery and Anti-Corruption Policy

Anti-bribery and Anti-corruption policy, is applicable to all officials of the Bank, Business Correspondents, banking channel partners, joint ventures, external and internal stakeholders working with or on behalf of the Bank including across jurisdictions including but not limited to the following:

**Employees:** All Directors on the Board of the Bank, officers and employees (including permanent, temporary, casual / contract workers, interns, and trainees) at all grades and levels, centres, and jurisdictions.

**DSAs:** All agents acting on behalf of the Bank across counter, over phone, via internet or any other method or channel.

**Banking Channel Partners:** Direct Banking Channel partners, Digital marketing partner, etc.

**Business Correspondents of the Bank :** All employees of such BCs

**Collection Agents:** All agents acting on behalf of the Bank pursuing payments of debts owed by individuals or businesses.

**Vendors:** All material and service providers to the Bank.

**Customers:** All current or prospective clients / customers of the Bank.

**Others:** Any other stakeholder working on behalf of the Bank not included in the above like Third party agents, intermediaries, professional consultants etc.

## 4 Responsibility

### 4.1 Employee responsibility

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

Read and understand the anti-bribery and anti-corruption policy and ensure compliance with the terms and conditions mentioned in the anti-bribery and anti-corruption 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 or entity .
- Shall be 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.
- Shall not make any Facilitation Payments<sup>1</sup> or Political contributions in their official capacity except in accordance with Section 182 of Companies act 2013.
- Shall cooperate with any internal audits/investigations conducted by the Bank and provide information in a timely manner.

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<sup>1</sup> Refer : Prevention of Corruption Act, 1988 (PCA).

- Report any violation of anti-bribery and anti-corruption policy or instances of bribery / corruption noticed to their Supervisor / Reporting manager/ Business Head or Functional Head.

#### **4.2 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, Banking Channel Partners, 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, Banking Channel Partners, Collection agents, service providers and others):

- Shall ensure that they have read and understood the anti-bribery and anti-corruption policy of the Bank and, must always comply with the terms and conditions of this policy.
- Disclose true and fair information to 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.
- Shall be 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.
- Shall not make any Facilitation Payments or Political contributions on Bank's behalf.
- Report any conflict of interest with any Bank's employee.
- Shall provide declaration to the Code of conduct at the time of on boarding and on renewal of contract/agreement thereafter.
- Shall cooperate with any internal audits/investigations conducted by Bank and provide information in a timely manner.
- Participate in the anti-bribery and anti-corruption training that is provided by the Bank from time to time.

### **5. Bribery**

#### ***Bribery is defined as:***

Offering, paying, promising, giving or authorizing others to give; or requesting, 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.

## **5.1 Business dealings with Third Parties (Including vendors, Banking Channel Partners, DSAs, collection agents etc.)**

Third party intermediaries who work on behalf of Bank are considered as an extension of Bank and any unlawful act committed by them may have adverse consequences for Bank.

Thus, we should take appropriate steps to demonstrate that adequate measures are in place to identify and / or prevent the Third parties like DSAs, collection agents, or suppliers etc. from indulging in any unlawful activity.

## **5.2 Facilitation Payments**

Facilitation payments are typically small, unofficial payments made to secure or expedite a routine action (e.g., the issuance of licenses, registering property under rental agreement etc.) by an official. While the same may be allowed by law in certain jurisdictions, however the Bank prohibits making or accepting, facilitation payments of any kind.

## **5.3 Travel and Entertainment expenses**

Travel and entertainment expenses such as tickets, hotel, food, incidentals etc. may be incurred by the employees for Bonafide official / business development purposes. All such expenses must be supported by original receipts / invoice and details of the guests, if applicable.

## **5.4 Business Gifts<sup>2</sup>**

Business Gifts include gift, hospitality, entertainment 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, favourable 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. While as an organization, we do not encourage or solicit gifts or entertainment from any persons or entities, employees are not, in any case, permitted to accept or provide business gift as defined hereinabove in any form or amount from or to any entity that does or seeks to do business with the Bank or competes with the Bank.

## **5.5 Charitable Donations**

Charitable donations include donations of money or in-kind donations of goods or services by the Bank, such as to schools or community organisations.

At a minimum, all charitable contributions must be:

- ❖ Made to a legitimate, Bonafide organisation for causes such as Education, Health & Sanitation, Environment etc.

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<sup>2</sup> Gifts other than corporate gifts mentioned in Communications and Public Relations Policy

- ❖ Reasonable in nature and amount.
- ❖ Permitted under all applicable laws and regulations; and
- ❖ Properly documented.

Personal donations made by the employees of Bank are allowed provided those donations should not interfere or in any way conflict with the official work of the employee or with the Bank in any manner.

## **5.6 Political Contributions**

We should not take an active part in politics anywhere even outside the Bank and shall not involve clients, suppliers, vendors, or any other party with whom the company does business.

We should not make political contributions on behalf of the Bank to any political party official or political party unless such contribution is expressly permitted by law/ regulation / directive and has been pre-approved by the appropriate authority in the Bank.

## **6. Record Keeping and Internal Controls**

All employees shall provide accurate and complete information relating to gifts, hospitality, travel, and entertainment claims etc., together with approvals for recording in the books of accounts. All transactions must be recorded, and all transactions must be classified in accounts appropriately according to their nature.

All books and records along with the supporting documentation w.r.t. the transactions covered under the policy shall be maintained by the respective Departments in line with the laid down guidelines.

## **7. Reporting violations and Monitoring**

### **7.1. Reporting:**

It is the duty of all those covered under anti-bribery and anti-corruption policy to comply with this policy and report any concern or information that they may have in relation to the violation of this provision of this document in respect of anti-bribery. The report shall be submitted to the Chief of Internal Vigilance.

Alternatively, concerns on the violations of the company policies shall be reported through the Whistle Blower mechanism.

The Bank takes all potential violations of this policy and applicable anti-corruption laws seriously. Thus, all allegations will be kept confidential and proper investigation will be conducted as directed by the Chief of Internal Vigilance.

A quarterly report on the findings under this Policy shall be submitted to the Audit Committee of the Board for information by the Chief of Internal Vigilance.

If any question arises as to the application or interpretation of any of these regulations, it shall be referred to the Chief of Internal Vigilance for a decision in the matter.

Violation of this Policy shall result in legal action / disciplinary action.

## **7.2. Monitoring**

The Chief of Internal Vigilance shall be responsible for review of compliance of this document on an on-going basis. Regular revisions to Anti-bribery and Anti-corruption policy shall be ensured as and when required by any statute or by any change in internal policies of the Bank, which have a direct impact on this policy.

### **Exceptions to the anti-bribery and anti-corruption policy**

There are no exceptions to anti-bribery and anti-corruption policy. However, in case a payment is done where Bank / any employee / associate faces situations of threat to health or safety, the incident must be brought to the notice of the Chief of Internal Vigilance as soon as it is safe to do so but no later than 15 days.

## **8. Breach of Anti-bribery and Anti-corruption Policy**

Failure to comply with this policy or any misrepresentation, violation shall be grounds for disciplinary action to be initiated by the Bank, as considered appropriate, including termination of employees as per Bank code of conduct & Ethics. In respect of vendors, in addition to termination of services, penalties shall be applied. Non awareness of this policy shall not be an excuse for misrepresentation.

Bribery is a criminal offence. The defaulting Designated Person will be accountable whether she/he pays a bribe herself/himself or authorizes, assists, or conspires with someone else to violate this Policy or an anti-corruption/anti-bribery law. Such cases will be referred by the Bank to the law enforcement agencies and no support will be rendered by the Bank to the concerned employee or vendor.

In case of violations of this policy, the Chief of Internal Vigilance shall take appropriate steps such as:

- ✓ Assigning an Investigation Team / Committee
- ✓ Conducting an Investigation
- ✓ Disciplinary Actions and Penalties

Appropriate action shall be initiated if the instance of briber / corruption demands legal actions as per the law of the land.

## **9. Custody and review of the Policy**

Vigilance Department shall be the custodian of the Anti-Bribery and Anti-Corruption Policy which will be an annexure to the vigilance policy of the bank. The Policy shall be reviewed periodically along with Vigilance Policy of the Bank.

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