



CODE OF ETHICS AND CONDUCT

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PART I: DEFINITIONS

Terms used in this Code of Ethics and Conduct (“Code”) are as defined in the Banking Act. Other terms used in this Code shall be taken to have the meaning assigned to them hereunder:

- 1.1 “**Bank**” means Diamond Trust Bank Kenya Limited.
- 1.2 “**Board**” or “**Board of Directors**” means the board of directors of the Bank.
- 1.3 “**Chief Executive Officer**” means the chief executive officer of the Bank.
- 1.4 “**Conflict of interest**” means a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person’s self- interest and professional interest or public interest.
- 1.5 “**Corporate Governance Policy**” means the then prevailing corporate governance policy of the Bank.
- 1.6 “**Director(s)**” means a member(s) of the Board.
- 1.7 “**Employee(s)**” means an employee(s) of the Bank.
- 1.8 “**Shareholder(s)**” means a shareholder(s) of the Bank.
- 1.9 “**Insider**” means a person is or was connected to the Bank and in possession or with access to material information, that could be price sensitive and that is not at a particular time generally available to the members of the public.
- 1.10 In the event of any dispute between the terms of this Code and any legislation and or regulations governing the affairs of the Bank then the provisions of such legislation and or regulations shall prevail and the provisions of this Code shall be deemed to have been amended accordingly.

PART II: CODE OF ETHICS AND CONDUCT

1. Applicability

This Code is applicable to the Directors, the Chief Executive Officer and Employees. The Board of Directors should ensure that all Directors, the Chief Executive Officer and Employees adhere to the Code as detailed hereunder.

2. Purpose

The Code is necessary to provide clear parameters about acceptable principles within which the Directors, Chief Executive Officer and Employees are empowered to make decisions and act. The Code acts as an important reference point for current and future policies and is in line with best practice in terms of governance and compliance.

3. Responsibility

The Board is responsible for the governance of the Bank and is committed to ensuring that its business and operations are conducted with integrity and in compliance with the law, internationally accepted principles and best practices of corporate governance and business ethics.

4 Prescribed Code of Ethics and Conduct

4.1 Conflict of Interest

Conflict of Interest situations must be avoided at all times. Where it is not possible to avoid any act, action or reward that may create a Conflict of Interest, appropriate steps must be taken to mitigate the impact and must be appropriately disclosed to the line management or the Board, as appropriate, at the earliest reasonable opportunity.

In addition, the Directors, Chief Executive Officer and Employees should not engage directly or indirectly in any business activity that results or could result in a Conflict of Interest. These activities include, although not necessarily limited to, the following:

(a) Material Interest in the Bank's Contracts

- The Directors, Chief Executive Officer and Employees shall disclose to the Board of Directors any interest they may have in any matter being considered by the Bank.
- The Directors, Chief Executive Officer and Employees with a personal or related interest in a matter being considered by the Board of Directors shall not be present when the matter is being considered, unless otherwise invited by the Board of Directors and shall not vote on such matter.
- In such circumstances Directors, the Chief Executive Officer and Employees shall disclose to the Board of Directors the actual or apparent Conflict of Interest or of any of the related parties and, to the extent the discussion or decision concerns any matter in which he or she has an interest, shall exclude him or herself from further attendance at the meeting.
- In addition, any Director, the Chief Executive Officer and Employees who has a Conflict of Interest in connection with any matter being considered by the Board of Directors or a Board Committee will not receive a copy of any paper dealing with that matter.

(b) Outside Financial Interest

Where a Director, the Chief Executive Officer or an Employee has a financial interest in a customer, whether a sole proprietor, shareholder, creditor or debtor, such an interest must be disclosed immediately to the management and the Board, as appropriate. Thereafter, the affected Director, the Chief Executive Officer and Employee should not be directly involved in the Bank's dealings with the customer so long as the interest continues to exist.

The above restriction does not apply in cases where the Director, Chief Executive Officer or Employee have holdings of public quoted securities unless the interests is viewed to be material, and that the financial interest is considered likely to impair the objectivity of the party concerned. In any case, holdings of five per cent (5%) or more of the voting shares of a publicly quoted company would be regarded as material.

(c) Other Business Interests

There is a Conflict of Interest if an Executive Director, Chief Executive Officer or Senior Officer conducts business other than the Bank's business during office hours.

Where the acquisition of any business interest or participation in any business activity outside the Bank and office hours demands excessive time and attention from the Employee, thereby depriving the Bank of the Employee's best efforts on the job, a conflict of interest is deemed to exist.

(d) **Other Employment**

Before making any commitment, Employees are to discuss possible part-time employment or other business activities that could conflict with the Bank's working hours with their manager or departmental head. A written approval of the manager or departmental head should be obtained before an Employee embarks on part-time employment or other business activities. Approval will only be granted where the interest of the Bank will not be jeopardised.

(e) **Corporate Directorship**

Employees must not solicit corporate directorships. An Employee should not serve as a director of another corporation without approval of the Board of Directors. Employees who hold directorships without such approval must seek approval immediately, if they wish to remain as directors of other corporations.

However, Employees may act as directors of non-profit public service corporations, such as religious, educational, cultural, social, welfare, philanthropic or charitable institutions subject to the same being disclosed to the Bank.

(f) **Trusteeships**

Directors, the Chief Executive Officer and Employees must not solicit appointments as executors, administrators or trustees of customers' estates. If such an appointment is made and the employee is a beneficiary of the estate, his signing authority for the estate's Bank account(s) must be approved by the Board of Directors, who will not unreasonably withhold approval.

4.2 **Misuse of Position**

- (a) Directors, the Chief Executive Officer and Employees must not use the Bank's name or facilities for personal advantage in political, investment or retail purchasing transactions, or in similar types of activities. Directors, the Chief Executive Officer and Employees, and their relatives must also not use their connection with the Bank to borrow from or become indebted to customers or prospective customers. The use of position to obtain preferential treatment, such as purchasing goods, shares and other securities, is prohibited.
- (b) Directors, the Chief Executive Officer and Employees shall not solicit or otherwise accept inducements either directly or indirectly whether in cash or in kind in order to provide any favours to a customer in the provision of loans, acceptance of deposits or any other conduct of the business of the Bank to which they are entrusted either jointly or individually.
- (c) Directors, the Chief Executive Officer and Employees shall not use the Bank's facilities and influence for speculating in commodities, gold, silver, foreign exchange or securities, whether acting personally or on behalf of friends or relatives. Such misuse of position may be ground for dismissal and/or prosecution. Directors, Chief Executive Officer and Employees should also not engage in "back-scratching" exercises with employees and directors of other institutions to provide mutually beneficial transactions in return for similar facilities, designed to circumvent these ethical guidelines.

4.3 Misuse of Information

- (a) Directors, the Chief Executive Officer and Employees shall not deal in the securities of any company listed or pending listing on a securities exchange at any time when in possession of information, obtained by virtue of their employment or connection with the Bank, which is not generally available to shareholders and the public, and which, if it were so available, would likely bring a material change in the market price of the shares or other securities of the company concerned. “*Insider dealing*” as this is called, is a crime.
- (b) Directors, the Chief Executive Officer or Employees who possess Insider information are also prohibited from influencing any other person to deal in the securities concerned or communicating such information to any other person, including other members of staff who do not require such information in discharging their duty.

4.4 Integrity of Records and Transactions

- (a) Accounting records and reports must be complete and accurate. Directors, the Chief Executive Officer and Employees should not make entries or allow entries to be made for any account, record or document of the Bank that are false and would obscure the true nature of the transaction, as well as to mislead the true authorisation limits or approval authority of such transactions.
- (b) All records and computer files or programmes of the Bank, including personnel files, financial statements and customer information must be accessed and used only for management purposes for which they were originally intended.

4.5 Confidentiality

- (a) Directors, the Chief Executive Officer and Employees must take precaution to protect the confidentiality of customer information and transactions. No member of staff or director should during, or upon and after termination of employment with the Bank divulge or make use of any secrets, copyright material, or any correspondence, accounts of the Bank or its customers. No Employee or Director shall in any way use information so obtained for financial gain.
- (b) Business and financial information about any customer may be used or made available to third parties only with prior written consent of the customer or in accordance with the arrangements for the proper interchange of information between institutions about credit risks, or when disclosure is required by law.

4.6 Fair and Equitable Treatment

All business dealing on behalf of the Bank with the current and or potential customers, with Employees and with those who may have cause to rely upon the Bank, should be conducted fairly and equitably. The Employees and Directors must not be influenced by friendship or association, either in meeting a customer’s requirement, or in recommending that they be met. Such decisions must be made on a strictly arms-length business basis. All preferential transactions with Insiders or related interests should be avoided. If transacted, such dealings should be in full compliance with the law, judged on normal business criteria basis and fully documented and duly authorised by the Board of Directors or any other independent party.

4.7 Insider Loans

Directors, the Chief Executive Officer and Senior Officers should not use their positions to further their personal interests. The Bank shall not therefore:

- (a) Grant or permit to be outstanding any unsecured advances in respect of any of its Employees unless it is made pursuant to a Board approved scheme.
- (b) Grant or permit to be outstanding any advances, loans or credit facilities which are unsecured or advances, loans or credit facilities which are not fully secured to any of its Shareholders or their associates.
- (c) Grant or permit to be outstanding any advance, loan or credit facility to any of its directors or other person participating in the general management of the Bank (subject to sub- clause 4.7(a) above) unless it is:
 - approved by the full Board of Directors upon being satisfied that it is viable.
 - is made in the normal course of business and on terms similar to those offered to ordinary customers of the Bank. The Bank shall notify the Central Bank of Kenya of every such approval within seven days of the granting of the approval.
- (d) Grant or permit to be outstanding any advance or credit facility or give any financial guarantee or incur any other liability to, or in favour of, or on behalf of, any associate or any of the persons mentioned in sub- clauses 4.7 (a), (b) and (c) in excess of twenty per cent (20%) of the core capital of the Bank; or
- (e) Grant or permit to be outstanding advances or credit facilities or give any financial guarantee or incur any other liabilities to or in favour of, or on behalf of, its associates and the persons mentioned in sub- clauses 4.7 (a), (b) and (c) amounting in the aggregate to more than one hundred per cent (100%) of the core capital of the Bank; or
- (f) Grant any advance or credit facility or give guarantee or incur any liability or enter into any contract or transaction or conduct its business or part thereof in a fraudulent or reckless manner or otherwise than in compliance of the Banking Act and Central Bank of Kenya Prudential Guidelines.

PART III: ETHICS QUICK TEST

Not sure what to do? Ask yourself these questions:

Is it legal?	Does it comply with our Policies and Procedures?	Does it reflect our core values?	Would it look okay if in the news?	Would your clients, manager or shareholder approve?	Would the community approve?	Does it protect our interests?	Is it the right thing to do?
YES	YES	YES	YES	YES	YES	YES	YES
If you answered “NO” to any of these questions, DO NOT DO IT.							

PART IV: ROLE AND RESPONSIBILITIES

1. **The Board**

The Board shall maintain a Declared Conflicts Register which shall be completed and be under the custody of the Company Secretary.

2. **Line Management**

Line Management are responsible and accountable for the implementation of the requirements of and for compliance with this Code.

3. **Employees**

The Employees shall comply with the provisions of the Bank's Gift Policy and declare any actual or potential Conflicts of Interest.

4. **Internal Audit**

Internal Audit provides an independent auditing service and assurance to the Board Audit and Compliance Committee in terms of this Code.

5. **Compliance Department**

The Compliance Department provides ongoing compliance advice and oversight to ensure compliance with this Code and related legislation and regulations.

PART V: COMPLIANCE AND RISK

The Bank's risk and compliance functions have been established as part of the Bank's risk and compliance management framework. The annual risk and compliance work plan(s) shall include monitoring of compliance with this Code. Non-compliance must be reported in line with the normal governance reporting mechanisms. Non-compliance with this Code shall be subject to the Bank's disciplinary procedures and or necessary action being taken. Avoidance, limitation or circumvention of this Code through whatever means will also be seen as non-compliance.

PART VI: RELATIONSHIP WITH CORPORATE GOVERNANCE POLICY

This Code shall be read together with the Corporate Governance Policy and in the event of any conflict therewith the terms of the Corporate Governance Policy shall prevail.

PART VII: REVIEW

The Board will review this Code every two (2) years and more frequently, if required, to align the same with the then prevailing legislation and regulations governing the Bank as well as best practice, as part of the Board and the Bank's commitment to good corporate governance.