

POLICY ON BOARD DIVERSITY

Background:

In terms of Regulation 19 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Nomination & Remuneration Committee of Board (NRC) is required to formulate and adopt a Policy on Board Diversity and recommend the same to Board of Directors of the Bank for their approval.

Board diversity:

This Policy sets out the approach the Bank should adopt whilst ensuring Board diversity and to enhance its effectiveness whilst discharging its fiduciary obligations toward the shareholders of the Bank.

A truly diverse Board should be able to make good use of diversity in skills, regional and industry experience, expertise, educational background, language and other traits of each Director. These diversities should be considered whilst determining the composition of the Board and balanced appropriately.

The Bank shall also consider the principles relating to fit and proper person and other norms as may be prescribed by the Reserve Bank of India (RBI), the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) under applicable laws, whilst determining the composition of its Board.

Principles relating to diversity:

In order to ensure that the Board is endowed with appropriate balance of skills, experience and diversity of perspectives, the Bank shall conform to the following principles relating to Board Diversity:

1. The Board shall collectively possess the necessary qualifications commensurate with size, complexity and risk profile of the Bank.
2. Decisions pertaining to appointment/ re-appointment, elevation and remuneration of Directors shall be based on their skills, experience, expertise, contributions during deliberations at meetings of the Board and adherence to corporate governance norms as reflected in the outcomes of their performance evaluation;
3. The Board shall be represented by members from diverse educational background including but not limited to accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, payment and settlement systems, human resources, risk management & business management and such other matters the special knowledge or practical experience of which, in the opinion of the Board would be in the business interest of the Bank;

4. Adoption of best practices to ensure fairness and equality and transparency whilst appointing Directors and ensuring zero tolerance for discrimination based on caste, creed, gender, ethnicity, religion, disability, colour or otherwise.

Role of NRC:

The NRC shall also take into consideration the following matters whilst dealing with matters relating to Board Diversity:

1. Enforce the said principles so as to bring in diversity of perspectives and encourage creativity and innovation at the Board level.
2. Whilst evaluating candidates for appointment as a Director of the Bank, the NRC shall consider them on merits in the context of their age, skill sets, experience, level of independence, specific expertise and specialized knowledge, as mandated under Section 10-A of the Banking Regulation Act, 1949, so as to provide the Board/ Committees with diversified set of skills, knowledge, practical experience and representation and recommend such appointment/ nomination, for the approval of the Board.
3. Review the effectiveness of the induction programs conducted for new directors and the training programs conducted for the Board, to ensure that Bank's diversity goals are met.
4. Whilst reviewing the annual performance evaluation of the Board, the Chairperson, the Committees and the Independent Directors and the overall effectiveness of the Board, the NRC shall assess the impact of the Board's diversity to the overall functioning of the Board.
5. Explore measurable objectives for achieving Board diversity and recommend the same to the Board for its adoption.
6. Complying with the provisions of the Companies Act, 2013 and SEBI Listing Regulations in respect of Woman Director.

Disclosure:

The details of this Policy on Board Diversity shall be disclosed in the Board's report in terms of SEBI Listing Regulations.

Review:

This Policy shall be reviewed annually by the NRC pursuant to any changes to the applicable provisions of the Banking Regulation Act, 1949, Guidelines issued by RBI from time to time, Companies Act, 2013, Rules made thereunder or SEBI Listing Regulation, or as deemed appropriate.

Any amendment to this Policy would be subject to its review by the NRC and approval by the Board of the Bank.

This Policy which has been last reviewed and approved by the Board of the Bank at its meeting held on June 16, 2023 shall come into effect from the said date.