



DIRECTORS' APPOINTMENT, EVALUATION AND
SUCCESSION POLICY

Version	1.5
Effective Date	November 30, 2024

②

DIRECTORS' APPOINTMENT, EVALUATION AND SUCCESSION POLICY

1. Introduction

The Policy has been framed in terms of the provisions of Companies Act, 2013 [the Act], the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR Regulations], applicable provisions of the Banking Regulation Act, 1949 and the Guidelines issued by the RBI, in this regard from time to time.

2. Applicability

The Policy shall cover the criteria and process for appointment of Directors, their performance Evaluation and plan for the orderly succession of the Directors on the Board of IDBI Bank Limited.

3. Objectives

The key objectives of this policy are as under:

- Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director;
- Ensure that the plans are in place for orderly succession for appointment to the board of directors
- Put in place an evaluation framework for evaluation of the Board, Directors, Chairperson and Committees.

7

4. Age limit for Directors

The Non-Executive Director (NEDs) shall not be less than 35 years of age. The upper age limit for NEDs, including the Chair of the Board, shall be 75 years and after attaining the age of 75 years no person shall continue in these positions.

The upper age limit for MD&CEO and WTDs shall be 70 years and no person shall continue as MD&CEO or WTD beyond the age of 70 years.

5. Procedure for appointment/Re-appointment of Directors

I. Recommendation by NRC

- (i) NRC shall identify persons who are qualified to become directors on the Board of the Bank. In case of appointment of LIC/GoI Nominee Directors, NRC may recommend the persons nominated by LIC/GoI after due diligence.
- (ii) While recommending the appointment/reappointment of the Directors to the Board, NRC shall apply a due diligence process to determine the suitability of the person based on his/her educational qualification, experience & track record, and every such person shall meet the 'fit and proper' criteria, as Reserve Bank of India may stipulate from time to time.
- (iii) Special emphasis shall be on affirming whether the director meets the fit and proper norms as prescribed by the RBI and the criteria for independence, as prescribed under the Companies Act, 2013 and the SEBI LODR Regulations. Care shall also be taken to ensure compliance to the provisions relating to skill sets under Section 10-A 2(a) and relating to substantial interest under Section 10-A 2(b) and loans and advances under Section 20 of the Banking Regulation Act, 1949 and Directions/ Guidelines issued thereunder.
- (iv) NRC, on the basis of the information and declarations submitted by the person, shall ensure the compliance of following requirements:

②

- a. He/she shall possess relevant educational qualifications, knowledge and skills, competence, expertise, track record, integrity and judgment for performing the duties and responsibilities of a Director of the Bank;
- b. He/she shall possess special knowledge and/ or practical experience in any of the following fields: accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, public administration, small scale industry, information technology, cyber security, payment and settlement systems, human resources, risk management, business management, sales, marketing, research, corporate governance or any other field of expertise as deemed appropriate for the Bank's business from time to time;
- c. He / she should not be a Member of Parliament / Member of Legislative Assembly/ Member of Legislative Council;
- d. He / she shall possess a valid Director Identification Number (DIN) or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
- e. He / She should not have been disqualified under the Act or pursuant to any Order of Securities and Exchange Board of India or any other such Authority;
- f. He / She shall fulfill the fit and proper criteria stipulated by the Reserve Bank of India;
- g. He / she shall fulfill the age criteria as may be stipulated under the Companies Act, SEBI LODR Regulations and by the Reserve Bank of India;
- h. He / she shall give written Consent to act as a Director;
- i. He / she if identified to be appointed as Independent Director, shall fulfil the criteria of Independence stipulated under the Companies Act, SEBI LODR Regulations or any other applicable laws, as amended from time to time;
- j. He / she shall register his / her name for inclusion in the Databank maintained by Indian Institute of Corporate Affairs (IICA), Manesar and have passed or been exempted from the online self- assessment test as prescribed under the Companies Act, in case of appointment as Independent Directors;

- k. There shall be no conflict of interest in performing duties as a Director on the Board or in case of conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform the duties properly and independently, and adequate disclosures are made by the person in this regard;
 - l. In addition to above conditions, the NRC shall recommend the re-appointment of Independent Director on the basis of report of performance evaluation.
- (v) For every appointment of an Independent Director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
- a. use the services of external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- (vi) In addition to the declarations/confirmations submitted by the candidate, an independent verification shall also be conducted by the Secretarial Department and mentioned in the Memorandum submitted to NRC.
- (vii) Based on the information obtained from the declarations / confirmations and the NRC's own examination / scrutiny, if the NRC is satisfied that the candidate(s) are eligible and fit for being appointed as Director(s), it shall recommend to the Board and also RBI (in case of MD & CEO/Whole Time Director/ Chairman) for the acceptance or otherwise of the proposed candidate(s).

II. Board's Approval for Appointment/Re-appointment

- a) The Board shall, on the basis of recommendation of the NRC, approve the appointment/re-appointment of the Directors.

②

- b) Board's approval for appointment/re-appointment of MD & CEO/ Whole Time Director/Part Time Chairperson shall be subject to prior approval by the RBI.
- c) The Independent Directors shall be appointed initially as Additional Directors.

III. Shareholders' Approval for Appointment/Re-appointment

- a) Board's approval for appointment of Directors shall be subject to approval by the shareholders of the Bank at the next General Meeting or within a time period of three months from the date of appointment, whichever is earlier.
- b) The appointment, re-appointment or removal of an Independent Director, shall be subject to the approval of shareholders by way of a special resolution.

6. Tenure of Directors

- (i) The total tenure of an NED, continuously or otherwise, on the Board of the Bank, shall not exceed eight years. The initial term of Independent Directors shall be for 4 consecutive years extendable to one more term of 4 consecutive years. After completing eight years on the Board of the Bank, the person may be considered for re-appointment only after a minimum gap of three years.
- (ii) The post of the MD&CEO or WTD cannot be held by the same incumbent for more than 15 years but may be considered for re-appointment after a minimum gap of three years, subject to meeting other conditions.

7. Post-appointment Formalities

- (i) Letter of Appointment to Independent Directors: After approval of Independent Directors' appointment by the shareholders of the Bank, a formal appointment letter with contents prescribed under Schedule IV of the Companies Act, 2013 shall be issued to the Independent Director so appointed.
- (ii) Deed of covenant as required under the Fit and Proper criteria requirements prescribed by the RBI shall be executed with the Directors.

(iii) Annual Affirmations from Continuing Directors: The Bank shall, at the end of every financial year, obtain not later than 30th April, the following declarations reflecting the position as on 31st March from the existing directors:

- a. Fit and Proper declaration in the format prescribed by RBI or a declaration to the effect that there is no major change in the earlier fit and proper declaration submitted by the Directors.
- b. Deed of Covenants executed with the Bank in the format prescribed by the RBI
- c. Other declarations prescribed in the Applicable Laws.

The declarations as provided by the directors other than the members of NRC shall be scrutinized by the NRC. The declarations furnished by the members of NRC shall be scrutinized by the Board.

Based on the information obtained from aforesaid declarations / confirmations and evaluation of the eligibility criteria set out in this Policy, the NRC or the Board, as the case may be, shall decide whether the directors continue to fulfil the criteria of being fit and proper.

8. Familiarisation Programme for the Non-Executive Directors of the Bank

Regulation 25(7) of the SEBI LODR Regulations as amended from time to time, requires a company to provide suitable training to its independent directors to familiarize them inter alia with the company, their roles, rights, responsibilities in the company, nature of industry in which the company operates and the business model of the company.

Accordingly, in order to familiarize the Bank's Non-Executive Directors (NEDs) including independent directors with the Bank's functioning and their roles, responsibilities, etc., the Bank may undertake the following:

- (i) The newly appointed NEDs shall be provided with a copy of the Memorandum & Articles of Association, Annual Report of the Bank, Code of conduct, etc.

①

- (ii) An orientation / overview of the Bank's segments, various products, services and functions shall be provided by the senior management of the Bank.
- (iii) A detailed briefing on the roles and responsibilities of independent directors shall also be provided to the independent directors as part of their appointment letters.
- (iv) The Bank shall nominate the NED(s) to attend relevant external programs at reputed forums such as IICA, IOD, ICAI, CAFRAL, ISRBT, ISB, etc. and/ or internally provide deep-dives/ presentations on subjects relevant from Bank's perspective, as may be necessary, from time to time.

9. Compliances in respect of Composition of Directors

- (i) In terms of Regulation 17 of SEBI (LODR) Regulations, 2015, the Board of Directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than 50% of the Board of Directors shall comprise of non-executive directors and at least one-third of the board of directors shall comprise of independent directors;
- (ii) In terms of Section 152(6) of the Companies Act, 2013 read with Article 116(1) of the Articles of Association of the Bank, 6 (six) Directors, viz., 2 (two) Dy. Managing Directors, 2 (two) LIC Nominee Directors and 2 (two) GoI Nominee Directors, shall be subject to retirement by rotation at the Annual General Meeting.
- (iii) In terms of the provisions of the Companies Act, 2013, the Bank will ensure that atleast one of the Directors on the Board has stayed in India for a total period of not less than 182 days during the previous calendar year.
- (iv) In terms of the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Bank will ensure that there is one Woman Independent Director on the Board of the Bank.

10. Performance Evaluation

I. Performance Evaluation of Independent Directors by the Board

- (i) In terms of the provisions of Schedule IV (Para VIII) and Section 134(3)(p) of the Companies Act, 2013, the performance evaluation of the Independent Directors shall be done annually by the Board of Directors excluding the director being evaluated
- (ii) On the basis of the report of performance evaluation, it will be determined whether to extend or continue the term of appointment of Independent Directors.
- (iii) The performance evaluation of Independent Directors by the Board shall be done on the evaluation sheet approved by NRC from time to time.

Further, as per Regulation 17(10) of the SEBI (LODR) Regulations, 2015, the evaluation of Independent Directors shall be done by the entire Board of Directors which shall include:

- a) performance of the directors; and
- b) fulfillment of the independence criteria as specified in Listing Regulations and their independence from the management.

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

II. Performance Review of Non Independent Directors and the Chairperson by Independent Directors

- i. In terms of the provisions of Schedule IV (Para VII) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015, Independent Directors shall hold an Annual Meeting in a financial year without the attendance of Non-Independent Directors and members of the Management and review the performance of Non Independent Directors and Board as a whole.

- ii. The Independent Directors shall also review the performance of Chairperson of the Bank taking into account the views of Executive Directors and Non-Executive Directors.
- iii. The performance review of Non Independent Directors by Independent Directors and that of the Chairperson of the Bank shall be done on the evaluation sheet approved by NRC from time to time.

11. Succession Plan for the Board of Directors

- (i) The Nomination and Remuneration Committee (NRC) shall administer the succession plan and recommend the changes to the Board, from time to time.
- (ii) Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement of the Director to ensure the smooth transition.
- (iii) The process for appointment/re-appointment of Directors could be initiated at least six months prior to the completion of their tenure.
- (iv) In case of the appointment/re-appointment of MD & CEO/Whole Time Directors/ Part Time Chairperson, which would require both RBI as well as shareholders' approval, the process could be initiated earlier also.
- (v) The appointment, re-appointment or removal of the person at the Board level shall be recommended by NRC and approved by the Board subject to approval of RBI and shareholders of the Bank, wherever applicable. Such appointment, re-appointment or removal shall be in accordance with the applicable provisions of the RBI guidelines, Companies Act, the Listing Regulations and other laws as applicable to the Bank.
- (vi) If a Director position suddenly becomes vacant by reason of death or other unanticipated occurrence, NRC shall convene a meeting as early as possible to implement the process described in this Policy.

12. Amendment/ Review

The Policy shall be reviewed by the Board of Directors annually. Any subsequent amendment / modification in the SEBI LODR Regulations, Companies Act, Banking Regulations Act and/ or applicable laws in this regard shall automatically apply to this Policy.

②
