



**BOARD DIVERSITY POLICY**

<b>Version</b>	1.5
<b>Effective Date</b>	November 30, 2024

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## Board Diversity Policy

### **I. Preamble**

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Bank has framed a formal policy on Board diversity which sets out a framework to promote diversity on Bank’s Board of directors (‘Board’). This policy is framed in compliance to Regulation 19(4) read with Sub-clause (3) Para A of Part D of Schedule II of the Listing Regulations.

### **II. Purpose**

As indicated in the Listing Regulations, one of the key functions of the Nomination and Remuneration Committee (NRC) and Board of Directors is to institute transparent processes to identify and nominate suitable candidates with a focus on diversity of thoughts, varied experience, industry knowledge, broader perspective, integrity and gender representation for appointment to the Board.

This policy is largely framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organization and business as a whole.

The basic essence of the Policy is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business.

The Bank believes that a diverse Board will amongst others:

- Facilitate discussion and promote independence of judgment in Board and in Committee deliberations.
- Enhance the quality of decision making and ensure better business performance.
- Encourage diversity of perspectives thereby fuelling creativity and innovation.
- Complement and expand the skills, knowledge and experience of the Board as a Whole.
- Provide better Corporate Governance.
- Enhance the reputation of the Bank.

This policy is intended to provide a framework for building a diversified Board which would contribute to achieve Bank's vision and mission.

### **III. Regulatory Provisions**

1. The Directors are identified based on the criteria provided under Section 10A(2)(a) of the Banking Regulation Act, 1949 as stated below :

- Not less than fifty-one per cent, of the total number of members of the Board of Directors of a banking company shall consist of persons, who-
  - a) shall have special knowledge or practical experience in respect of one or more of the following matters, namely:-
    - i. accountancy,
    - ii. agriculture and rural economy,
    - iii. banking,
    - iv. co-operation,
    - v. economics,
    - vi. finance,
    - vii. law,
    - viii. small-scale industry,
    - ix. any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company.

PROVIDED that out of the aforesaid number of Directors, not less than two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small- scale industry.

- RBI have, vide Circular No. RBI/2016-17/152 DBR.Appt.BC.No. 39/29. 39.001 /2016-17 dated November 24, 2016, added the undernoted specialisations as criteria for appointment of Directors in Banks :
  - Information Technology;
  - Payment and Settlement Systems;
  - Human Resources;
  - Risk Management; and
  - Business Management

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2. The Articles of Association (AoA) also create scope for diversity in the Board by prescribing minimum strength of three and maximum strength of fifteen members on the Board of the Bank including atleast one Independent Woman Director.
3. Further the Directors are also identified based on the criteria provided under Schedule IV of the Companies Act, 2013 as under :

Appointment process of Independent Directors shall be independent of the company management; while selecting Independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

4. One of the key functions of the Board of Directors is to ensure a transparent nomination process with diversity of thought, experience, knowledge, perspective and gender in the board of directors.
5. Additionally, the provisions of the Banking Regulation Act, 1949, Companies Act, 2013 & Rules made thereunder, Listing Regulations and the RBI Guidelines are looked into while identifying suitable candidate to be appointed as Director of the Bank.

#### **IV. Process**

NRC is required to identify potential candidates for appointment as Directors to the Board as per the Directors' Appointment, Evaluation and Succession Policy. Further, for the purpose of identifying suitable candidates, NRC may consider candidates from a wide range of backgrounds, having due regard to diversity. Whilst selecting potential candidates, the NRC would consider the following:

- The selection of candidates for appointment on the Board will be based on professional merit which shall include review of the candidate's educational background, industry experience, expertise and skills in the fields of business

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including Finance, Accounting, Information Technology, Human Resources, Law, Payment and Settlement Systems, Risk Management, Business Development and Management, Sales, Marketing, Administration, Research, Corporate Governance, or any other discipline related to the business of the Bank, keeping in view the Bank's business operations, growth / diversification plans and the need to enhance competencies.

- The Board is required to have an optimal combination of Executive, Non-Executive, Independent Directors including Woman Independent Directors in accordance with the provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Regulations and Articles of Association of the Bank.
- The Bank shall ensure that in the process of selection of Directors, no person is discriminated against on the grounds of religion, race, caste, gender, or any other personal or physical attributes, which do not affect his / her ability to perform as a Director of the Bank.
- The Bank shall ensure that the composition of its Board/ Committees are constituted in compliance with the guidelines stipulated by RBI, Listing Regulations and Companies Act, 2013, as may be amended, from time to time.

**V. Review of the Policy**

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

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