CHAPTER – I

PREAMBLE

1. BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Bank firmly believes that the self-discipline and sincerity of the Board and other stakeholders in carrying out their responsibilities provides the bedrock for a clean, transparent and trustworthy Corporate Governance regime which in turn will earn continuous support and trust of stakeholders.

The Bank lays emphasis on the cardinal values of fairness, transparency and accountability in its performance at all levels, thereby enhancing shareholders' value and protecting the interest of the stakeholders.

The Bank considers itself as trustee of its shareholders and acknowledges its responsibility towards them for creation and safeguarding their wealth. The above goal would be achieved through adoption and monitoring of corporate strategies, prudent business practices, continuously monitoring of risks in the business and pursuing policies and procedures to satisfy its legal and ethical responsibilities.

To implement the best practices, the Board has framed a Code of Corporate Governance. The code helps to inculcate a spirit of good corporate governance right from the top. It basically encompasses and documents the practices followed in the Bank in conduct of its duties towards all the stakeholders like:

- Functioning of Board and its various Committees
- Compliance (Regulatory and Policy)
- Relation with shareholders
- Disclosures by Bank and its Directors
- Corporate Social Responsibility and
- Other miscellaneous issues viz. Code of Conduct for Directors & Senior Management Personnel, Prohibition of Insider Trading, Related Party Transaction Policy, Whistle Blower Policy, Staff Related Matters, and Vigilance etc.

The Board adopts the following concepts of Corporate Governance:

"Corporate Governance is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate Governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, management and the Board of Directors. Other stakeholders include employees, depositors, borrowers, vendors, lenders, regulators, the environment and the community at large."

"Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders."

2. BROAD LEGAL STATUS OF THE BANK

Our Bank is a Public Sector Bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. The Central Government is the promoter and major shareholder of the Bank holding 74.76% of its share capital as on date. The primary regulator for the Bank is Reserve Bank of India (RBI). Banks influence virtually each and every sector of the economy and a large number of laws have a bearing on their functioning. The important laws governing banks in India are given below:

- The Banking Regulation Act, 1949
- The Reserve Bank of India Act, 1934
- The Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970
- Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970
- Negotiable Instruments Act, 1881
- Regional Rural Banks (RRB) Act, 1976
- Indian Registration Act, 1908
- Bankers Book Evidence Act, 1891
- Recovery of Debts due to Banks & Financial Institutions Act, 1993
- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002
- Credit Information Companies (Regulations) Act, 2005
- Payments and Settlement Systems Act, 2007
- National Housing Bank Act, 1987
- The National Bank for Agriculture and Rural Development (NABARD) Act, 1981
- The Insolvency and Bankruptcy Code, 2016

The Bank came out with its Initial Public Offering (IPO) of equity shares in 2002 (Issue Price Rs.16 per Equity Share) and with a Follow-on Public Offering (FPO) in 2006 (Issue Price Rs.110 per Equity Share). The Bank has also allotted equity shares to Government of India on preferential basis in March 2011, March 2013, December 2013, September 2014 (PNCPS conversion), September 2015, August 2017, March 2018, March 2019 and November 2019 and to Life Insurance Corporation of India in March 2012. Further, Bank raised capital through QIP in December 2017, ESPS in March 2019 and again through QIP in May 2021. During FY2023-24, Bank has raised equity capital to the extent of ₹ 5000 Crore and ₹ 3000 Crore during August 2023 and February 2024 respectively through QIP. The Bank has also raised capital by way of issuance of Bonds.

Bank's equity shares are listed on the stock exchanges namely: BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), Bank's Bonds are listed at National Stock Exchange of India Ltd.(NSE) and thus the Bank is required to adhere to the Security Laws issued by the Securities and Exchange Board of India (SEBI). The important SEBI laws applicable to the Bank are as under:

1. SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015
2. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
3. Securities Contracts (Regulation) Act, 1956 with Rules/Regulations
4. SEBI (Prohibition of Insider Trading) Regulations, 2015
5. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
6. SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021
7. Other applicable circulars/notifications issued by SEBI from time to time.

3. NEED FOR THE CODE

As a means of achieving high standards of Corporate Governance, the Bank has framed the Code of Corporate Governance (Code). All attempts have been made to align the Code with the prevalent laws of the land. In the event of any variation between the Code and the prevalent laws, the latter will prevail over the Code.

4. MODIFICATIONS AND REVIEW

To be relevant, it is essential that corporate governance rules and regulations are adapted to the reality in which they will be implemented. Further, it is believed that best corporate governance can be achieved through a continuous review of various systems and procedures of the organization. Thus, the Code of Corporate Governance would also be subjected to review annually by the management.

The Code shall be valid till **30.09.2027** and its continuity may be extended for a further period not exceeding three months with the specific approval of Managing Director & CEO.

CHAPTER –II

PRINCIPLES OF CORPORATE GOVERNANCE

Corporate governance involves a set of relationships between Bank's management, its Board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the Bank are set, and the means of attaining those objectives and monitoring performance are determined.

There is no single model of good corporate governance. The Basel Committee on Banking Supervision has issued guidelines in July 2015 on Corporate Governance principles for Banks which are drawn from principles of corporate governance published by the Organisation for Economic Co-Operation and Development (OECD).

The Principles of Corporate Governance are built on these common elements and are formulated to embrace the 'Principles governing disclosures and obligations of listed entity's specified under Chapter II and 'Corporate Governance provisions' specified under Chapter IV of SEBI (Listing Obligations& Disclosure Requirements) Regulations, 2015.

The principles of Corporate Governance are detailed herein below:

PRINCIPLE 1: BOARD'S OVERALL RESPONSIBILITIES

The Board has overall responsibility of the Bank which inter-alia includes approving and overseeing management's implementation of the Bank's strategic objectives, governance framework and corporate culture.

Main responsibilities of the Board are enumerated below:

1. To frame Bank's business strategies and take key decisions, ensure internal organisation and governance structure and practices, and risk management and compliance obligations. The Board may delegate some of its functions, though not its responsibilities, to Board committees where appropriate.

2. To establish and be satisfied with the Bank's organisational structure.

3. To exercise the "duty of care" and "duty of loyalty" to the Bank under applicable laws and supervisory standards.

4. To act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Bank and all the stakeholders.

5. To adhere to the Code of Conduct laid down by the Bank for Directors so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

6. To ensure the integrity of the Bank's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.

7. To monitor the effectiveness of the Bank's governance practices and make changes as needed from time to time.

8. **Other responsibilities:**

- To manage the affairs of the Bank and keep up with material changes in the Bank's business and the external environment and accordingly, take necessary steps to protect the interests of the Bank;
- To oversee the development of and approve the Bank's business objectives and monitor their implementation;
- To play a lead role in establishing the Bank's corporate culture and values;
- To maintain high ethical standards and to take into account the interests of stakeholders.
- To oversee implementation of the Bank's governance framework and periodically review that it remains appropriate in the light of material changes within the Bank and external market conditions;
- To consider the competitive and regulatory landscape and accordingly establish, along with senior management and Chief Risk Officer, the Bank's risk appetite to manage the Bank's risks effectively so as to achieve Bank's objectives;
- To approve the approach and oversee the implementation of key policies pertaining to the Bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control systems;
- To approve the annual financial statements and require a periodic independent review of critical areas;
- To oversee the integrity, independence and effectiveness of the Bank's policies and procedures for whistle-blowing.

Role & Functions of Non-Official Directors

Government of India vide its Letter No. F. No. 9/1/89-BO-I dated 08.11.1989 and F. No. 9/1/09-B.O.-I dated 05.12.1991, Government of Letter No.F.No.9/17/2000-BO-I dated 19.09.2002 read with Government of Letter No.F.No.6/20/2019-BO.I dated 30.08.2019, has issued guidelines on the Role & Functions of Non-Official Directors on the Board of Directors including Do's & Don'ts. As per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Duties of Independent Directors as laid down in the Companies Act, 2013, are also to be complied with by the Independent Directors.

Deed of Covenants

As per the recommendations of the Consultative Group of Directors on Banks and Financial Institutions (Dr. Ganguly Group) issued by RBI vide DBOD. No.BC. 116 / 08.139.001/2001-02 dated 20.06.2002 and pursuant to RBI (Fit and Proper criteria for Elected Directors on the Boards of Public Sector Banks) Directions, 2019 dated 02.08.2019,the Bank is required to obtain an undertaking in the form of "Deed of Covenants" from each **independent and non-executive director** to the effect that he/she has gone through the guidelines defining the role and responsibilities and enter into covenant to discharge his/her responsibilities to the best of their abilities, individually and collectively.

PRINCIPLE 2: BOARD COMPOSITION AND QUALIFICATIONS

BOARD COMPOSITION

The Composition of Board of Directors of the Bank is governed by the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (the Act) and Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970 (the Scheme). The Board of Directors of the Bank is constituted through the mechanism of appointment, nomination and election.

The Board of Directors of the Public Sector Bank as per Sub-section (3) of Section 9 of the Act is as below:

Sr. No.	Designation	Relevant Section	Provision	No. of Directors
1.	Chairman **(Note - 1)**	-	-	-
2.	Managing Director and Executive Directors **(Note - 2)**	9(3)(a)	Managing Director & CEO and Four Executive Directors	5
3.	Govt. Nominee Director	9(3)(b)	Official of the Central Govt. to be nominated by Central Govt.	1
4.	RBI Nominee Director	9(3)(c)	On recommendation of RBI, nominated by Central Govt.	1
5.	Workmen Employee Director	9(3)(e)	Among the employees of Bank who are workmen	1
6.	Officer Employee Director	9(3)(f)	Among the employees of Bank who are not workmen	1
7.	Chartered Accountant category Director	9(3)(g)	Chartered Accountant for not less than fifteen years	1
8.	Part Time Non-Official Directors **(Note - 3)**	9(3)(h)	• Having special knowledge or practical experience • represents the interest of depositors • represent the interest of farmers	3
9.	Shareholder Directors **(Note - 3)**	9(3)(i)	Elected by Shareholders other than the Central Government, from amongst themselves.	3
TOTAL				**16**

Note – 1: Chairman of the Board
In terms of clause 5 of the Scheme, the Central Government, after consultation with the Reserve Bank, appoints one of the Directors to be the Chairman of the Board.
Note – 2: Ministry of Finance, Government of India vide notification no. F.No. 16/20/2019-BO.I dated 30.08.2019 revised the number of executive directors to four for nationalised banks with total business of Rs. 10 lakh crore or higher. Accordingly, no. of Whole Time Directors of the Bank now stands revised to 5 from earlier 4.
Note – 3: Subject to provisions of 9(3)(i) of the Act, total not more than six Directors under category 9(3)(h) & 9(3)(i).

Tenure of appointment of Director

- A Whole-time Director appointed under **clause (a) of sub-section 3 of section 9** including the **Managing Director & CEO** shall devote his whole-time to the affairs of the Bank and shall hold office for such terms **not exceeding five years** as the Central Government may, after consultation with Reserve Bank of India, specify and shall be eligible for reappointment.

- A Director appointed under **clause (b) and (c) of sub-section 3 of Section 9** of the Act shall hold office during the pleasure of the Central Government.

- A Director appointed under **clause (e) or clause (f) or clause (g) or clause (h) of sub-section 3of section 9** shall hold the office during the pleasure of the Central Government for such term **not exceeding three years** as Central Government may specify, at the time of his nomination and shall be eligible for re-nomination provided that no such director shall hold office continuously for a period exceeding six years.

- An elected director under **clause (i) of sub-section 3 of section 9** shall hold office for a **period of three years** from the date following the date on which he is elected or deemed to be elected and is eligible for reappointment provided no such director shall hold office continuously for a period exceeding six years.

BOARD QUALIFICATION

Criteria for Induction of Directors under Clause (h) or (i) viz. Part-Time Non-Official Directors and Shareholder Directors

The Directors under Clause (h) are nominated by Central Government and Clause (i) are to be elected by shareholders. The Directors to be nominated under the said clauses shall:

(i) Have special knowledge or practical experience in respect of one or more of the following matters namely:
   - Agricultural and Rural Economy,
   - Accountancy,
   - Banking,
   - Co-operation,
   - Economics,
   - Finance,
   - Law,
   - Small-scale industry,
   - Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the Bank.

(ii) Represent the interest of depositors.

(iii) Represent the interests of farmers, workers and artisans.

Additional criteria for Induction of Directors elected under Clause (i) viz. Shareholder Directors –

As per RBI ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019, Nomination and Remuneration Committee constituted as per the said guidelines shall undertake a process of due diligence to determine the 'fit and proper' status of the persons to be elected as directors under section 9(3)(i) of the Act. The Committee shall decide on the acceptance or otherwise of the candidature and shall make references, where considered necessary, to the appropriate authority / persons, to ensure that the candidate conforms to the requirements indicated.

Department of Financial Services, Government of India vide their Office Memorandum dated 03.09.2013 had desired that Government guidelines dated 01.06.2011 regarding appointment of part-time non-official directors also be kept in mind while carrying out determination of 'fit and proper' status of the candidates contesting election of shareholder Directors of the Bank.

Department of Financial Services, Government of India vide letter No. 18(81)EO/2010(ACC) dated 25.03.2015 has replaced aforesaid guidelines dated 01.06.2011 with new guidelines for appointment of Non official Directors of Public Sector Banks & Financial Institutions.

The Board has approved the Resolution to consider the adoption of new Criteria by Nomination Committee now Nomination & Remuneration Committee as laid down by GOI vide letter No. 18(81)EO/2010(ACC) dated 25.03.2015 for election of Shareholders' Directors of the Bank in its meeting held on 11.05.2015.

Independent Director

"**Independent Director**" means a Non-Executive Director, other than a nominee director of the listed entity:

1. who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise and experience;
2. who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
3. who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
4. who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
5. none of whose relatives –
   (A)is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

(B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
(C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or
D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower."

6. who, neither himself / herself, nor whose relative(s) —
   (a) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entityin any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

   Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment

   (b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
      (i) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
      (ii) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
   (c) holds together with his relatives two per cent or more of the total voting power of the listed entity; or
   (d) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the listed entity;
   (e) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

7. who is not less than 21 years of age.

8. who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director"

Notes:

a. The above-mentioned definition of Independent Director will take effect from January 1, 2022 as per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021.
b. A person shall not serve as an Independent Director in more than seven listed entities.
c. A person who is serving as a whole time director / managing director in any listed entity shall serve as an Independent Director in not more than three listed entities.

The Ministry of Finance vide communication no. F. No. 6/20/2019-BO.I dated 30.08.2019 has informed that the provisions related to independent directors do not apply to Public Sector Banks as they are not established under the Companies Act and the Act establishing PSBs does not define independent directors. However, the said communication clarifies that the non-official directors nominated under clause (g) ("Chartered Accountant Category Director") and (h) ("Part-Time Non-Official Director") of section 9(3) of the Act, including non-executive chairman, are similar in nature to the independent directors.

As per clause 3(a)(vii) of the RBI ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019,- "Independent Director" shall be as defined in the Companies Act, 2013.

Considering the above, the Board in its meeting held on 18.09.2019 has decided to consider the directors nominated/elected under clause (g), (h) and (i) of section 9(3) of the Act, as the independent directors in case of the Bank subject to fulfilment of other conditions of independence laid down under the definition of the Independent Director given under Section 149(6) of the Companies Act, 2013 and provisions of SEBI (LODR) Regulations, 2015.

Disqualification of Directors:

In terms of Clause 10 of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, a person shall be disqualified for being appointed as or to continue as a Director -

- If, at any time, he/she has been adjudicated as an insolvent or has suspended payment or has compounded with his/her creditors; or
- If he/she has been found to be of unsound mind and stands so declared by a competent Court; or
- If he/she has been convicted by a Criminal Court of an offence, which involves moral turpitude; or
- If he/she holds any office of profit under any nationalized Bank or State Bank of India constituted under sub-section (1) of Section 3 of the of the State Bank of India Act, 1955 or any subsidiary Bank as defined in Section 3 of the State Bank of India (Subsidiary Banks) Act, 1959 except for holding the post of a whole-time Director, including the Managing Director and Directors nominated under clauses (e) and (f) of sub-section (3) of Section 9 of the Act from among the employees of the Bank.

Additional disqualification criteria for Shareholder Directors

(a) The candidate should not be a member of the Board of any other bank (Private/Public/RRB) or Reserve Bank of India or Financial Institution (FI) or Insurance Company or Non-Operative Financial Holding Company holding any other bank.

(b) A person connected with hire purchase, financing, money lending, investment, leasing and other para-banking activities shall not be considered for appointment as elected director on the board of a PSB. However, investors of such entities would not be disqualified for appointment as directors if they do not enjoy any managerial control in them.

(c) No person may be elected/ re-elected on the Board of a bank if he/she has served as director in the past on the board of any bank/FI/RBI/Insurance Company under any category for six years, whether continuously or intermittently.

(d) The candidate should not be engaging in the business of stock broking.

(e) The candidate should not be holding the position of a Member of Parliament or State Legislature or Municipal Corporation or Municipality or other local bodies.

(f) The candidate should not be acting as a partner of a Chartered Accountant firm which is currently engaged as a Statutory Central Auditor of any nationalised bank or State Bank of India.

(g) The candidate should not be acting as a partner of a Chartered Accountant firm which is currently engaged as Statutory Branch Auditor or Concurrent Auditor of the bank in which nomination for election is filed.

Performance Evaluation of Directors

Ministry of Finance ("MOF") vide communication no. F. No. 9/5/2009-IR dated 30.08.2019 advised the Bank to constitute a Board Committee for Performance Evaluation of Managing Directors & CEO, Executive Directors in charge of internal Control Functions (Risk, Compliance and Audit) and Chief General Managers/General Managers in charge of internal control functions (Risk, Compliance and Audit) of the bank.

Further, MOF vide communication no. F.No. 6/20/2019-BO.I dated 30.08.2019 advised that the entire Board of Directors, other than the directors who is subject to evaluation, shall evaluate the performance of each non-official director nominated under clauses (g) and (h) of section 9(3) of the Act, including non-executive chairman, upon completion of every period of one year from the date of her/his nomination, and the bank shall convey the same to MOF in the prescribed formats as provided in the above referred communication, not later than three months from completion of each such period.

The Board of Directors in its meeting held on 18.09.2019 has decided to adopt Performance Evaluation framework prescribed by MOF for Directors nominated under Section 9(3)(g) & (h) for all other Non-Executive Directors i.e. Directors nominated under clause (b), (c), (e), (f) and (i) of Section 9(3) of the Act.

A summary of authorities for Annual Performance Appraisal of Directors is as under:

Sr. No.	Designation	Reporting Authority	Reviewing Authority	Accepting Authority
1.	Managing Director & CEO	Board Committee for Performance Evaluation	Board Committee for Performance Evaluation	Board Committee for Performance Evaluation
2.	Executive Director in charge of internal Control Functions (Risk, Compliance and Audit)	Managing Director & CEO	Board Committee for Performance Evaluation	Board Committee for Performance Evaluation
3.	Executive Director in charge of Functions other than internal Control functions	Managing Director & CEO	Managing Director & CEO	Managing Director & CEO
4.	All Non-Executive Directors	Entire Board of Directors, other than the directors who is subject to evaluation		

Further, the performance evaluation of the Board of the Bank, Committees of the Board and Directors on the Board of the Bank has been carried out by an independent body – M/s KPMG India Services LLP, Mumbai and recommended measures to enhance their effectiveness.

The major themes for the evaluation were competency, dynamics, vision and strategy, risk and independence, and process and procedure.

Board Evaluation

Further, MoF vide communication no. F.No.14/1/2025 – BO.I dated 11.09.2025 advised that the board evaluation should be undertaken by the Bank annually to enhance governance and transparency. Bank shall also -

(i) Engage credible external agencies for such evaluations
(ii) Ensure periodic rotation of the agency conducting the evaluations, so that the same agency is not engaged continuously, thereby maintaining independence and avoiding familiarity concerns
(iii) Place the process and outcome of the evaluation before the Board and submit the same to Department of Financial Services and
(iv) Disclose the evaluation details in the Bank's Annual Report, its website and in places wherever necessary.

PRINCIPLE 3: BOARD'S PRACTICES

Periodicity of Board meetings

- The meetings of the Board shall ordinarily be held **at least six times in a year** and at least **once in each quarter**. Further, the maximum time gap between any two meetings shall not be more than one hundred and twenty days.
- The meeting shall be held at the place as per Government guidelines.
- Not less than **15 days' notice** shall be given of any meeting of the Board and such notice shall be sent to every Director at the address specified by him in this behalf / through email. In case of exigency meeting may be called at shorter notice.
- No business, other than that for which the meeting was convened shall be transacted at a meeting of the Board except with the consent of the Chairman of the meeting and a majority of the Directors present.

In terms of Circular No. DOR.HGG.GOV.150/29.67.001/2026-27 dated 14.07.2026, **Information to be given to the Board: RBI in an endeavour to enable bank Boards to utilize their time effectively and to facilitate a more focused and qualitative engagement on strategy and risk governance, it has been decided to undertake a review to rationalize the extant RBI directions/circulars on the matters required to be placed before the Board. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, has issues the amendment directions which come into force from 01-10.2026.**

The above-mentioned circular supersedes earlier prescribed calendar of reviews/minimum information to be given to the Board, issued by RBI vide Circular No. DBR No.BC.93/29.67.001/2014-15 dated 14.05.2015.

Further, Part A of Schedule II – Corporate Governance of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 prescribes that following minimum information shall be placed before Board of Directors:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the listed entity and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the Board of directors.
5. The information on recruitment and remuneration of senior officers just below the level of Board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.

9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Resolution by Circulation

Keeping in view the exigencies of the business, the Managing Director or in his absence any of the Whole-Time Directors or any other Director so authorised by the Board may decide upon a Resolution to be passed by circulation. The draft of the Resolution along with all the necessary papers shall be circulated to all the Directors by hand or by post or by facsimile or by e-mail or by any other electronic mode.

The Directors would be required to indicate their consent/dissent to the proposed Resolution and communicate their decision to the Bank in time.

Further the following provision of **Clause 18 of the Scheme** has to be duly adhered to - "Resolution without meeting of the Board is valid – A Resolution in writing signed by the majority of the members of the Board shall be valid and effectual and shall be deemed to be the Resolution passed by the Board on the date it was signed by the last signatory to the Resolution:

Provided that any Resolution passed as aforesaid shall be placed before the next meeting of the Board.

Provided further that if any dissenting member requires in writing that any Resolution so passed shall be placed before a meeting of the Board, the Resolution shall not be deemed valid and effectual as aforesaid unless the same is passed at such meeting."

As approved in the Board Meeting of 27.11.2012 Agenda Item No. A-6, the illustrative list of matters to be passed at a duly convened Board Meeting and which **cannot be passed by circulation** are as below-

- To make calls on shares in respect of unpaid share capital of the Bank
- To issue debentures
- To borrow money otherwise than on debentures
- To invest the funds of the Bank

- To buy-back its own securities
- To make political contributions
- To fill casual vacancy in the Board.
- To make declaration of solvency with respect to voluntary winding up.
- To enter into joint venture and collaboration agreement.
- To commence a new business activity
- To approve mergers and acquisitions
- To shift the location of plant or factory or a Registered Office.
- Adoption of Common Seal
- Forfeiture of shares.
- Noting of directors' interest.
- To approve quarterly, half-yearly and annual accounts.
- Annual operating Plans and Budgets.
- Any material default in financial obligations.
- Sale of investments, subsidiaries or assets which is not in the normal course of business.
- Any issue which involves possible public or product liability claims.
- Transactions that involve substantial payment towards Goodwill, Brand Equity, or Intellectual Property.
- To make investment in shares of other companies beyond delegated powers
- Foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movements.

The above provisions of Resolution by Circulation shall also be applicable mutatis mutandis to the Committees of the Board.

Quorum for the Board Meeting

In terms of Clause 12(5) of the Scheme, the quorum for a meeting of the Board shall be one-third ($^1/_3$) of the number of Directors holding office as such directors of the Board on the day of the meeting, subject to a minimum of three directors, two of whom shall be Directors referred to in Clause (b) or clause (c) or clause (h) of sub-section 3 of Section 9 of the Act respectively. The quorum prescribed shall be present throughout the meeting.

Further, as per Regulation 17(2A) of the SEBI (Listing Obligations& Disclosure Requirements) Regulations, 2015, as amended, quorum shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.

Thus, the quorum of each Board meeting of the Bank shall be as under -

- **One-third** of the number of Directors holding office on the day of the meeting
- **Two** directors from Govt. Nominee/RBI Nominee/ Part-Time Non-Official Director category
- **One** Independent director

An Attendance Register, containing the names and signatures of the Directors present at the meeting shall be maintained.

Leave of Absence from attending the meetings of the Board/Committee shall be granted to the Director if and only if, request for such a leave has been communicated to the Secretary or to the Board or to the Chairman in time.

Chairman of the Board

The Chairman of the Bank shall ordinarily Chair all the meetings of the Board. If for any reason, the Chairman is unable to attend a meeting of the Board, the Managing Director shall preside over that meeting and in the absence of Managing Director, any other director elected by the directors present at the meeting from among themselves shall preside at the meeting.

Training of Board Members

Training is considered an important aspect for effectively discharging the responsibilities by the Directors. The Bank imparts both in-house and outside training to its Directors.

i. Information on Directors' induction

All non-executive Directors would be provided with a comprehensive document containing inter alia, a brief profile of the Bank, annual reports for the previous three years and performance for the current year, Code of Corporate Governance which includes the Board of Directors, various Committees of the Board, their terms of reference, Insider Trading Code, Code of Conduct for Directors clearly explaining the Do's and Don'ts for Directors, etc., and details of the Senior Management Team of the Bank.

ii. Familiarisation Program

The Bank shall familiarise the directors through various programmes about the Bank, including the following:
(a) nature of the banking industry;
(b) business model of the bank;
(c) roles, rights, responsibilities of directors; and
(d) any other relevant information.

iii. Other Training Modules / Outside Trainings

The Bank would utilize the services of CAFRAL, NIBM and such similar institutions for apprising the Board members on various aspects of corporate governance and banking related topics. In order to enable them to function better, the Bank would also identify reputed institutions where Board members can have interaction with senior faculty and industry persons on all related issues. In order to apprise the members about global perspectives, the Bank may consider overseas training for specific macro areas like leadership structure, organization effectiveness, etc.

iv. In-house training

Senior Management Team would, from time to time and as and when necessary, make presentations to the Directors on the new enactments in law as well on the amendments, if any to enable them to appreciate and understand the effect of the new enactments/amendments on the affairs of the Bank.

The Bank would also seek to provide a conducive environment to the Directors to seek information/clarification from the Senior Management Team or heads of various functions of the Bank. The Bank strongly believes that the interaction on functional / operational areas would lead to better management and control.

v. Feedback

The Bank would seek to obtain a feedback responses / suggestions from the Directors who have undergone training with a view to consider modification / amendment or improving the internal systems.

Details of Directors to be disclosed to shareholders

The following details of director(s) are required to be displayed on Bank's website/annual report –

- A brief profile of the director
- Nature of his expertise in specific functional areas
- Names of companies in which the person holds the directorship and the membership of Committee/s of the Board
- Shareholding of non-executive directors

Directors and Officers Liability Insurance Policy

The Bank has obtained a Directors and Officers liability Insurance Policy with a total coverage of Rs. 150.00 crores. The Policy covers the following:

- **Management Liability**
  The Insurer will pay to or on behalf of each Insured Person any loss except to the extent that the Insured Person has been indemnified by the Bank for the loss and to the Bank for any loss for which it has indemnified to any Insured Person.

- **Bank Securities**
  The Insurer will pay the loss of Bank arising from securities claim.

- **Extradition**
  The Insurer will pay the Extradition costs of each Insured Person.

- **Investigation**
  The Insurer will pay the Investigation costs of each Insured Person arising from an Investigation.

- **Bodily injury & Property Damage Defense Costs**
  The Insurer will pay the Defense costs of each Insured Person for any claim in respect of Bodily Injury and/or Property Damage.

- **Non-Executive Directors Protection**
  The Insurer will pay a separate excess limit on behalf of each of the Policyholder's non-executive directors serving during the Policy Period for any loss.

- **Outside Directorship**
  The Insurer will pay on behalf of and/or reimburse each Outside Entity Director or the Bank the loss of each Outside Entity Director. Outside Entity Director means a natural person who on the direction or request of the Bank serve as a Director or Officer or Trustee etc. of an outside entity for e.g.:- a Subsidiary.

- **Assets & Liberty**
  The Insurer will pay the Bail Bond, Civil Bond Premium, Prosecution costs and any Asset and Liberty Expenses, of each Insured Person.

- **Public Relations Expenses**
  The Insurer will pay the public relation expenses of each Insured Person incurred to mitigate potential adverse effect on that Insured Person's reputation from a claim.

Prior notice and dispatch of agenda papers to the Board/Committee

All Board/Committee Members are given notice of the meetings in advance. The meetings are governed by structured Agenda. The Agenda along with the Explanatory Notes including draft of Resolutions, if any, are normally distributed at least 2 days in advance.

Placing of Agenda Items before the Board/Committee

In terms of Ministry of Finance notification no. F.No. 7/67/2013-BOA dated 16.07.2013, the agenda items put up to the Board or its Committees shall contain a certificate at the end of each agenda item with clear recommendations to the Board or Committee, as the case may be, duly signed by Chairman / CMD / MD, certifying that the same is put up to the Board or its Committees with his / her approval.

Further, as per Reserve Bank of India notification no. DBS.ARS.CO.No. 15786/08.90.020/2014-15 dated 11.06.2015, in order to maintain operational independence of Audit Committee of the Board (ACB), advance copy of agenda may be sent directly to the ACB before obtaining approval of Chairman / CMD / MD.

Portal for viewing Agenda items

All the Directors and Chief General Managers/General Managers are provided with I-Pads. The Agenda along with the Explanatory Notes at present are uploaded on PORTAL and one can view Agenda papers on I-Pads by opening the PORTAL link access through internet using their individual user id and password.

Obtaining Feedback of Directors on Agenda Items

The Bank has implemented a system of obtaining periodic feedback from the Directors as regards the qualitative and quantitative aspects of the agenda notes and their contribution towards the effectiveness of the decisions at the Board and Committee Meetings.

Decision making in the Board/Committee

In keeping with good corporate governance principles, the decisions on all agenda items are normally arrived at by general consensus. In case of need, questions at the meeting shall be decided by a majority of the votes of the Directors present and voting, and in the case of equality of votes, the Chairman of the meeting shall have a second or casting vote.

Recording of minutes

The minutes of the proceedings of the meetings are generally recorded within prescribed time from the conclusion of the meeting. The draft minutes are circulated amongst directors for their comments, if any. The Chairman shall initial each page of the minutes and sign the last page of the minutes with date of signing.

Contents of minutes

- The minutes should contain the names of all the Directors and invitees, if any, present in the meeting.
- The minutes should mention brief background of the proposal and the rationale for passing a decision or taking the decision.
- The names of the Directors who dissented or abstained from the decision should be recorded.
- The minutes of all the meetings are preserved permanently.

Follow-up mechanism

All decisions/observations of the Board/Committee would be communicated to the concerned departments after the conclusion of the meeting generally **not later than 2/3 days**.

Action Taken Report on the directions upto the previous meeting(s) would be placed at the succeeding meeting of the Board/Committee till its compliance.

Secretarial Standards issued by ICSI

The Institute of Company Secretaries of India has issued Secretarial Standard-1 (SS-1) on Meetings of the Board of Directors and Secretarial Standard-2 (SS-2) on General Meetings. These secretarial standards have been made compulsory for the Companies registered under the Companies Act. The Companies Act is not applicable to the Bank but as a measure of good Corporate Governance, Bank shall adhere to the Secretarial Standard 1 & 2 to the extent it does not violate respective statutes and guidelines or directives issued by the relevant authorities for the Bank.

Secretarial Audit

The Bank and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in form specified by the SEBI with effect from the year ended March 31, 2019.

PRINCIPLE 4: SENIOR MANAGEMENT

The responsibility of carrying out and managing the Bank's activities in line with business strategy, risk appetite and policies approved by the Board lies with the Senior Management.

The Senior Management means officers who are members of its core management team excluding Board of Directors and includes all Functional Heads (irrespective of grade/scale), all Chief General Managers/General Managers of the Bank (irrespective of place of posting) and Company Secretary and Chief Financial Officer.

The responsibilities of Senior Management are as follows:

1. To have clarity on the role, authority and responsibility of various positions in the organizational hierarchy so as to promote effective management of Bank's activities.

2. To apply necessary experience, competency, integrity and exercise good judgment so that interests of the Bank and its various stakeholders can be safeguarded and a conducive relation is established within and outside the Bank.

3. To act honestly and with due diligence while discharging their duties. They are expected to act with utmost care and prudence, which an ordinary person is expected to take in his/her own business.

4. To undergo regular trainings to maintain and enhance their competencies and keep themselves updated on developments relevant to their areas of responsibility.

5. To delegate duties to staff and to establish a management structure that promotes accountability and transparency throughout the Bank.

6. To recognise and respect the independence of the functions such as risk management, compliance and internal audit and should not interfere in their exercise of such duties.

7. To provide the Board with the information it needs to carry out its responsibilities, to supervise and assess the quality of performance of Senior Management. In this regard, senior management to keep the Board regularly and adequately informed of material matters, including:

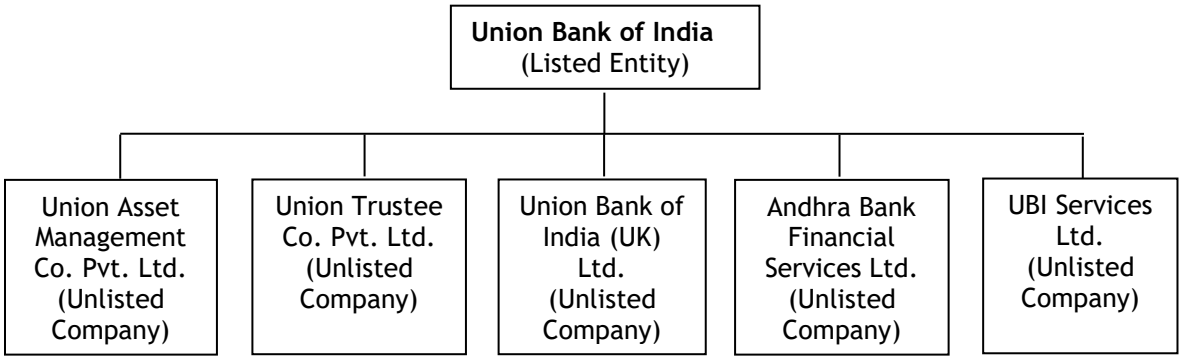
    - Changes in external market conditions, need for any change in business strategy, risk strategy/risk appetite
    - The Bank's performance and financial condition
    - Legal compliance status and matters of concerns, if any
    - Internal control systems including issues being faced, if any
    - Issues raised through the Bank's whistle-blowing procedures.

8. The Senior Management to comply with the Code of Conduct laid down by the Bank for them and give affirmation for the same on an annual basis.

PRINCIPLE 5:

In a group structure, the Board of the Bank to have the overall supervision of the group and for ensuring the establishment and operation of a clear governance framework appropriate to the structure, business and risks of the group and its entities. The Board and Senior Management of the Bank have to know and understand the Bank group's organisational structure and the risks that it poses.

The latest group structure of the Bank is depicted below:



All the companies in the group are wholly owned subsidiaries of the Bank but none of the Companies is a material subsidiary in terms of Determination of Material Subsidiary Policy laid down by the Bank.

A subsidiary of the Bank shall be treated as a Material Subsidiary, if it fulfils any of the below mentioned conditions:

a. The Net Worth (i.e. paid up capital and free reserves) of the subsidiary exceeds 10% of Consolidated Net Worth of the Bank and its subsidiaries as per the Audited Balance Sheet of the previous accounting year; or

b. The turnover of the subsidiary exceeds 10% of the Consolidated turnover of the Bank and its subsidiaries in the immediately preceding accounting year.

The Board of the Bank is involved in the governance of group structures as under:

- To define an appropriate subsidiary Board and management structure which takes into account the material risks to which the group, its businesses and its subsidiaries are exposed;
- To nominate Directors on the Board of the subsidiary to have proper control and monitoring on the activities of the subsidiaries;
- To assess whether the group's corporate governance framework includes adequate policies, processes and controls and whether the framework addresses risk management across the businesses and legal entity structures;
- The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the listed entity.

- The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

In addition to the above subsidiaries, the Bank has following Associates/Joint Ventures-

1. Star Union Dai-ichi Life Insurance Co. Ltd. – Joint Venture (25.10%)
2. ASREC (India) Ltd.– Joint Venture (26.02%)
3. Andhra Pradesh Grameena Bank - Associate (35%)

PRINCIPLE 6: RISK MANAGEMENT FUNCTION

The independent Risk Management function is a key component of the Bank's defense system. This function is responsible for overseeing risk-taking activities across the Bank and has authority within the Bank to do so.

Key activities of the risk management function include:

1. Identifying material individual, aggregate and emerging risks;
2. Assessing these risks and measuring the Bank's exposure to them;
3. Subject to the review and approval of the Board, development and implementation of the enterprise-wide risk governance framework, which includes the Bank's risk culture, risk appetite and risk limits;
4. Monitoring of the risk-taking activities and risk exposures in line with the Board-approved risk appetite, risk limits and corresponding Capital or liquidity needs (i.e. Capital Planning);
5. Establishing an early warning or trigger system for breaches of the Bank's risk appetite or limits;
6. Influencing and, when necessary, challenging decisions that give rise to material risk; and
7. Reporting to senior management and the Board or Risk Committee on all these items, including but not limited to proposing appropriate risk-mitigating actions.

While it is common for risk managers to work closely with individual business units, the risk management function to be sufficiently independent of the business units and is not to be involved in revenue generation.

Bank has to ensure that the risk management function has sufficient number of Risk Officers who possess the requisite experience and qualifications, including market and product knowledge as well as command of risk disciplines. Risk Officers to be provided with necessary training.

Risk Appetite Framework for structured approach to manage, measure and control risk, consisting of

i. A Risk Appetite Statement and Risk Limits for the Bank;
ii. Policies, Processes, Controls and Systems for both Strategy and Reputational Risks; and

iii. Delineation of roles and responsibilities for overseeing implementation and monitoring.

Risk Management Committee of the Board of the Bank periodically review adherence to the Risk Appetite Framework of the Bank and fix accountability in the event of breach of approved risk appetite.

Chief Risk Officer

In terms of RBI Notification No. DBR.BP.BC.No.65/21.04.103/2016-17 dated 27.04.2017, the Bank to have a senior official in Bank's hierarchy as Chief Risk Officer (CRO), with overall responsibility for the Bank's Risk Management function. In line with the RBI notification, the Bank has a Board approved Risk Management Organisation Policy. Further as per SEBI Listing Regulations 2015, as amended, the appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee of the Board.

The Risk Management Organisation Policy covers the risk management architecture of the Bank. It also covers the roles and responsibilities of the Board and Risk Management Committee of the Board.

It also defines the functions of the various Executive Level Committees constituted for discharging the Risk Management Function.

The Policy also enunciates that the Bank shall appoint an executive in the scale of Top Management Grade as Chief Risk Officer. The CRO shall head the risk Management function of the Bank. The policy also covers the role and responsibilities of the Chief Risk Officer.

PRINCIPLE 7: RISK IDENTIFICATION, MONITORING AND CONTROLLING

The Bank's risk governance framework includes following major policies to ensure that the Bank's risk identification, aggregation, mitigation and monitoring capabilities commensurate with the Bank's size, complexity and risk profile:

- Credit Risk Management Policy
- Operational Risk Management Policy
- Market Risk Management Policy
- Asset Liability Management Policy
- Inter Capital Adequacy Assessment Process Policy
- Group Risk Management Policy
- Policy on Business Continuity Plan

Bank's policies shall enable Bank to identify all material risks to the Bank, on - and off-Balance Sheet and on a group-wide, portfolio-wise and business-line level. The risk assessment process to include ongoing analysis of existing risks as well as the identification of new or emerging risks.

PRINCIPLE 8: RISK COMMUNICATION

Ongoing communication about risk issues, including the Bank's risk strategy to be communicated to the Board and senior management in a timely, accurate and understandable manner so that they are equipped to take informed decisions.

Risk reporting systems to be dynamic, comprehensive, accurate, and be clear about any deficiencies or limitations in risk estimates, as well as any significant embedded assumptions (eg. regarding risk dependencies or correlations).

PRINCIPLE 9: COMPLIANCE

An independent Compliance Function is responsible for, among other things, ensuring that the Bank operates with integrity and in compliance with applicable laws, regulations and internal policies. The Bank has a comprehensive Compliance Policy approved by the Board which is reviewed every year.

Further, an independent Compliance Department is established to oversee the Compliance function of the Bank & directly reports to the MD&CEO. A Chief General Manager has been appointed as the Chief Compliance Officer. He has an independent duty of Chief Compliance Officer & hence there is no conflict of interest.
The Compliance Department informs the Board/ACB about the status of compliances of the Bank with the prescribed benchmarks, exposure and other norms. Detailed notes in this regard are placed before the Board/ACB on a quarterly basis. In addition to the above, an Annual Compliance Risk Assessment note is also placed to the Board. The department ensures compliance awareness among staff & issues guidelines in this regard. Further, Compliance testing is carried out at Central Office & field level to determine the level of Compliances & variations reported are followed up and ensured that they are set right.

Regulatory Communications and their implementations:

The Bank has developed an in-house Compliance Package which is used for monitoring of submission of returns to various regulators and to keep track of communications/queries and received from RBI/MOF/IBA.

Further, the department co-ordinates with various verticals during Inspection for Supervisory Evaluation (ISE) under Risk Based Supervision (RBS) by RBI and ensures the smooth conduct of the same. The status of Risk Mitigation Plan (RMP) is presented to the oversight authority with details of timelines achieved/maintained by the verticals in terms of RBI's mandate. The Status of Risk Assessment Report (RAR), Inspection Report (IR), Major Areas of Non-Compliance (MANC) are also placed before the Board. Department also co-ordinates with Central Office Verticals for various supervisory concerns & letters received from the Regulator for submission of timely information.

PRINCIPLE 10: INTERNAL AUDIT

An effective and efficient internal audit function provides an independent assurance to the Board and senior management on the quality and effectiveness of Bank's internal control, risk management and governance systems and processes.

The internal audit function in the Bank is primarily monitored and guided by a separate vertical at Central Office level in the Bank named as Audit & Inspection Department (A&I) headed by a Chief General Manager.

At the field level, the audit set-up is called Zonal Audit Offices (ZAO). There are 22 Zonal Audit Offices (ZAOs) across the country at locations where ZONAL OFFICE. is located and is headed by Deputy General Manager or Assistant General Manager.

The Zonal Audit Offices undertake audit & inspection of branches which are in their jurisdiction as per the approved audit plan, Expenditure Audit of ZONAL OFFICE./RO, Management Audit of ZONAL OFFICE./RO, follow-up and monitor concurrent audit for branches under their jurisdiction etc. Further, ZAOs follow up with the respective branches/ controlling offices for rectification of the irregularities pointed out by the internal auditors / submission of Certificate of Rectification (COR)/ including recovery of Leakage of Income detected during various audits.

In order to have sufficient standing, skills, resources and authority within the Bank to enable the auditors to carry out their assignments effectively and objectively, all the above activities are governed by the various Policies such as Risk Based Internal Audit Policy (RBIA), Management Audit Policy, Concurrent Audit Policy, Information System Audit Policy , Offsite Transaction Monitoring Policy and Audit & Inspection Policy for Foreign Branches, formulated by A&I vertical which are updated, reviewed and approved by Board every Financial Year.

CGM, A&Ias the head of the Audit Department is an independent Vertical Head and is not assigned with any additional charge of any business vertical, thus avoiding any conflict of interest.

The Board and senior management are contributing to the effectiveness of the internal audit functions mainly through the following two Committees which are having separate functions:

1. Audit Committee of Board
2. Audit Committee of Executives

In order to make the internal audit function robust, training programs for internal auditors are organized/arranged periodically.

PRINCIPLE 11: COMPENSATION

The Whole-Time Directors of the Bank are appointed by the Government of India and pay scale of Whole-Time Directors is decided by the Ministry of Finance, Government of India.

Sitting Fees, Travelling Allowance etc. payable to the Directors:

Sitting Fees are prescribed in terms of clause 17(1) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970. Accordingly, Non-Official Directors are entitled for the following facilities and perks:

1. **Sitting Fees:**

Pursuant to Ministry of Finance, Government of India communication F. No. 15/1/2011-BO.I dated 28.10.2025 the sitting fees of non-official directors of Nationalised Banks having a total business of Rs. 10 lakh crore or higher shall be decided by the Board. The maximum amount per meeting as per MOF guidelines and sitting fees approved by the **Board of Directors vide Agenda no. A-8 dated 06.01.2026 is as under**:

Sr. No.	Particulars	Maximum Amount per meeting as per MOF guidelines	Revised Sitting Fees per meeting
a)	For attending Board Meeting	Such fee as may be decided by the Bank's Board of Directors, which shall together **not exceed** the limit as provided for in respect of companies under the Companies Act, 2013 and rules made thereunder i.e. Rs. 1,00,000 per meeting.	**Rs. 90,000**
b)	For chairing Board meeting [in addition to (a) above]		**Rs. 10,000**
c)	For attending meeting of Committee of the Board	Such fee as may be decided by the Bank's Board of Directors, not exceeding **one half** of the fee decided by the Board of Directors for attending meeting of the Board	**Rs. 45,000**
d)	For chairing meeting of Committee of the Board [in addition to (c) above]		**Rs. 5,000**
e)	Overall ceiling per director per annum	**No ceiling**	

2. **Travelling & Halting Allowance :**

In addition to fees to which a director is entitled to be paid, every such director travelling in connection with the work of the Bank shall be reimbursed his Travelling & Halting expenses, if any, in terms of the provisions of clause 17 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, on such basis as may be fixed by Central Government from time to time.

MOF Notification No.13/3/98-BO-I dated 25.08.1999:

Journey by Road:

If the journey is performed by road by a director in his / her own conveyance, of a hired one, reimbursement will be made @ Rs.3.50 per K.M. provided the station to be visited is connected neither by rail or air service. In respect of station connected by rail / air service, the reimbursement if road mileage will be subject to the following:

(i) Journey by Road between places connected by rail: A director may travel by his own car / full taxi, between places connected by rail but reimbursement will be restricted to the rail fare of the highest available class (including air conditioned class).

(ii) Journey by Road between places connected by air: A director may travel by his own car / full taxi, between places connected by air, but reimbursement will be restricted to the air fare.

If a full taxi has been engaged whose charges may be more that the air fare or rail fare for the distance involved, the taxi fare may be reimbursed provided the total cost to the Bank in the form of air fare / rail fare, and lodging and boarding expenses is not more than what it would have been, if the director was paid as per the existing instructions.

MOF Notification No.13/3/2000-BO-I dated 25.06.2001:

In respect of journey undertaken by air, the part-time non-official director and official director shall be entitled to travel by air in executive class to attend the Board / Committee meetings for official purposes within India.

PRINCIPLE 12: DISCLOSURE AND TRANSPARENCY

The Bank believes and ensures to be adequately transparent to its shareholders, depositors, other relevant stakeholders and market participants. Further, the Bank ensures compliance to various guidelines/regulations issued by regulatory authorities in this regard.

1. Disclosures in Corporate Governance Report (Annual Report)

As per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), a separate section on Corporate Governance in the Annual Report is to be included. The suggested list of items to be included in this Corporate Governance Report is given in Para C of Schedule V (Annual Report) and list of Discretionary Requirements is given in Part E of Schedule II

(Corporate Governance) of the Listing Regulations. Non-compliance of any mandatory requirement of Corporate Governance provisions of Listing Regulations applicable to the Bank with reasons thereof and the extent to which the Discretionary Requirements have been adopted to be specifically highlighted in the Corporate Governance Report.

Besides above, following additional disclosures are also to be made in the Annual report:

- Key Financial Indicators
- List of top 10 shareholders of the Bank;
- Details of dividend history of the Bank along with last date for making the claim by the shareholders;
- Details of various modes of dividend credits available to the shareholders;

2. Disclosures on Bank's Website

Regulation 46 and 62 of the Listing Regulations specifies the items to be made available on the website of the Bank.

3. Disclosures to Stock Exchanges

Regulation 30 of the Listing Regulations mandates that every listed entity shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed entity, is material. Further, it specifies a list of events or information which are deemed to be material.

4. Report on Corporate Governance:

The Bank to submit a quarterly compliance report on corporate governance in the format as specified by the SEBI from time to time to the Stock Exchange within thirty days from close of the quarter. Details of all material transactions with Related Parties shall be disclosed along with the said report.

5. Disclosures from Directors:

The Directors of the Bank are required to submit following disclosures.

Sr. No.	Particulars	Applicable Act/ Rules/ Regulations	Applicable to Directors	Time of submission
1.	Proforma – Details of newly appointed Director	Listing Regulations	All Directors	On appointment
2.	Notice of Disclosure of Interest	Related Party Transaction Policy & Listing Regulations	All Directors	On appointment/as and when any changes occur/ Annually
3.	List of Relatives	Related Party Transaction Policy	All Directors	On appointment/as and when any changes occur/Annually
4.	Declaration of Fidelity and Secrecy	The Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970	All Directors	On appointment
5.	Declaration to Compliance Officer about no disciplinary proceedings	SEBI Regulations	All Directors	On appointment/ Annually
6.	Disclosure of Chairmanship / Membership of Committees	Listing Regulations	All Directors	On appointment/as and when any changes occur/ Annually
7.	Disclosure of Shareholding	Listing Regulations	All Directors	On appointment/as and when any changes occur/ Quarterly
8.	Undertaking by Shareholder Director	The Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970	Shareholder Directors	On election
9.	Code of Conduct for Directors	SEBI Regulations	All Directors	On appointment/as and when any changes occur/ Annually
10.	Deed of Covenant	As per RBI Guidelines	Independent and Non-Executive Directors	On appointment/as and when any changes occur/ Annually
11.	Declaration by Independent Directors	SEBI Regulations	Independent Directors	On appointment/as and when any changes occur/ Annually

CHAPTER -III

COMMITTEES OF THE BOARD

The Board of the Bank is assisted by various Committees of the Board. A list of the Committees in which Non-Executive Directors are members is given below and the composition and roles and functions of these committees are dealt separately in the code:

1. Management Committee of the Board (MCB)
2. Audit Committee of the Board (ACB)
3. Risk Management Committee (RMC)
4. Special Committee of the Board for monitoring and follow-up of cases of Frauds (SCBMF)
5. Recovery Management Committee of Board (ReMC)
6. HR Sub-Committee of Board (HRSCB)
7. Stakeholders Relationship Committee (SRC)
8. IT Strategy Committee (ITSC)
9. Nomination & Remuneration Committee (NRC)
10. Disciplinary Proceedings Committee (DPC)
11. Share Transfer Committee of the Board (STCB)
12. Review Committee of the Board on Willful Defaulters (RCBWD)
13. Board Committee for Performance Evaluation (BCPE)
14. Credit Approval Committee-I (CAC -I)*
15. Committee of Directors for Raising of Capital Funds (CDRCF)**

Minutes of all the above sub-committees of the Board are made as per the guidelines set for minutes of the Board Meeting. These minutes after confirmation by the respective Committee are also put up to the Board for information.

* CAC-I (Sr. No. 16) does not have any Non-Executive Director as member but as its minutes are placed before the Board in terms of Clause 13A of the Scheme, the same is included in the above list.

** CDRCF (Sr. No. 17) has been constituted as per directions of the Board and its minutes are also placed before the Board for information. Thus, it is included in the above list.

Rotation of Members and Nomination of Members on Committees by MD & CEO: The members on the Committees are subject to rotation as per the applicable guidelines of RBI/MOF. The Board, in its meeting held on 28.07.2015 vide Agenda Item No. A-3, has authorised the then Chairman and Managing Director to nominate members on the Committees of the Board. The Board has re-delegated the said power to Managing Director & CEO (MD & CEO) of the Bank vide agenda no. A-11 of its meeting held on 27.07.2017. Further, the Managing Director & CEO is authorised to nominate members on the Committees and re-nominate members on RMC, HRSCB and ITSC based on domain knowledge and expertise etc. (Agenda No. A-6 dated 30.08.2018)

The Department of Financial Services, Ministry of Finance has issued Gazette notification no.S.O.366 (E) dated 25.1.2021 to further amend the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970. This scheme is called the Nationalised Banks (Management and Miscellaneous Provisions) Amendment Scheme, 2021 and has come into force from the date of publication in the Gazette i.e. 25.1.2021. As per the notification, after paragraph 14 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, the following paragraph 14A has been inserted.

"14A Special provision –Where a nationalized bank is required by law to do any act or thing and in order to do so the recommendations or determination of, or resolution of grievances of security holders by, or in respect of any appointment, approval or review by any Committee of the Board of the bank is required, and if the Board is satisfied that quorum for meeting of such Committee cannot be met on account of either existence of any vacancy in such Committee or recusal by member thereof, the Board may do that act or thing."

1. Management Committee of the Board (MCB)

Objective:

Pursuant to the directives of Ministry of Finance, Government of India, the Management Committee of Board is constituted by the Board of Directors for considering various business matters viz., sanctioning of credit proposals, loan compromise/write-off proposals, filing of suits/appeals, defending them etc., approval of capital and revenue expenditure, acquisition and hiring of premises, investments, donations, etc.

Composition:

The composition of the Committee is as per Clause 13 of the Scheme, amended vide MoF Notification No. F.No. 13/1/2006-BO.I/80061042 dated 24.08.2015. It consists of the following members:

i) The Managing Director and Chief Executive Officer
ii) The Executive Directors
iii) The Directors referred in clauses (c) of sub-section (3) of section 9 of the Act
iv) Three Directors nominated by the Board from amongst the Directors referred to in clause (e), (f), (h) and (i) of sub-section (3) of section 9 of the Act;

Ministry of Finance, Govt. of India in terms of their letter No.F.No.16/11/2015-B.O.I dated 17.06.2016 has stipulated that Directors appointed in terms of Section 9(3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 under any category, who are on the Management Committee/Credit Approval Committee shall not be on the Audit Committee, in any capacity. However, this provision will not be applicable in case of Whole Time Directors and RBI Nominee Directors appointed under Section 9(3)(a) and 9(3)(c) of the Act, respectively.

In terms of Ministry of Finance, Govt. of India letter no. F.No. 4/4/2015-BO.I (pt.) dated 30.10.2015, Non-Executive Chairman shall not be in the Management Committee/Credit Approval Committee.

Quorum: Four members will constitute the quorum for the meetings of the Management Committee.

Chairman: Managing Director & CEO

Rotation of Members:

Directors appointed under section 9(3) (e), (f), (h) & (i) nominated by the Board on the Committee are to be rotated every year and thereafter may be renominated for a period of six months each for 2 times.

Frequency: As and when required. Presently once in a fortnight.

Functions:

The Management Committee will exercise such powers of the Board including powers with regard to credit proposals as may be delegated to it by the Board with the approval of the Central Government and such approval will be given by the Central Government after consultation with the RBI.

Management Committee is the delegated authority for sanction of Expenditure beyond the powers of CAC-I.

Apart from this, the Committee will also consider various business matters such as sanction of write-off proposals, review of corporate budget and review of overdue loan proposals beyond six months falling in powers of Management Committee and such other matters as delegated by the Board.

2. Audit Committee of the Board (ACB)

Objective:

An Audit Committee would be constituted comprising of Executive Director and four other directors in terms of the Circular no. DOS No. BC:14/Admn/919/16.13.100/95 issued on 26.09.1995 by Reserve Bank of India in this regard. Since, the Bank is a listed entity, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, wherever, the same is not contradictory to the guidelines issued by RBI, will also be applicable.

In addition to the above, the following circulars/guidelines issued by RBI/GoI also govern the constitution of the Audit Committee of the Board:

1. RBI Circular no. DOS No.BC/3/08.91.020/97 dated 20.01.1997
2. GoI Guidelines No. F.NO.19/20/2007-BO.I dated 10.02.2000
3. RBI Letter DBS.ARS.No. 17207/08.91.020/2009-10 dated 14.06.2010
4. RBI Letter DBS.ARS.No. 17502/0.91.020/2009-10 dated 17.06.2010
5. GoI Letter No.F.No.13/1/2006 B.O.I dated 10.06.2014
6. RBI Letter DBS.ARS.BC 4 / 08.91.020/2015-16 dated 24.09.2015
7. RBI circular no. DBS.ARS.BC.01/08.91.020/2017-18 dated 13.07.2017
8. RBI circular no. RBI/2021-2022/24 DOR.GOV.REC.8/29.67.001/2021-22 dated 26.04.2021

Calendar of Reviews: The Bank follows the calendar of reviews prescribed by RBI for the Audit Committees of the Board vide its letter No. DBS.ARS.BC.No. 4/08.91.020/2010-2011 dated 10.11.2010; the calendar outlines the critical minimum requirements of review. In addition the Board/Committee also prescribes various issues to be placed for review of ACB from time to time.

Appointment of Statutory Auditors: The Bank has a detailed policy approved by its Board.

Composition:

Considering all the above, circulars/guidelines, the composition of ACB, at present is as under:

- Government Nominee Director
- RBI Nominee Director
- Three other Non-Executive Directors/Independent Directors

Important criteria for constitution:

1. Directors from staff will not be included in the ACB i.e. Workmen Director and Officer Director shall not be associated with the Audit Committee of the Board.
2. Meeting of the ACB should be chaired by any one of the Independent Directors but it is not necessary that the ACB should be chaired by the member appointed u/s 9(3)(g) i.e. Chartered Accountant category Director.
3. The constitution of ACB may not exceed five members at any point of time.
4. Other Executive Directors can be invitees to the meeting if the agenda includes any item for discussion from their domain.

Ministry of Finance, Govt. of India in terms of their letter No.F.No.16/11/2015-B.O.I dated 17.06.2016 has stipulated that Directors appointed in terms of Section 9(3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 under any category, who are on the Management Committee/Credit Approval Committee shall not be on the Audit Committee, in any capacity. However, this provision will not be applicable in case of Whole Time Directors and RBI Nominee Directors appointed under Section 9(3)(a) and 9(3)(c) of the Act, respectively.

Further, in terms of RBI circular no. DBS.ARS.BC.01/08.91.020/2017-18 dated 13.07.2017, Non-Executive Chairman may also be nominated to the Audit Committee of the Board.

Quorum: Three members (in terms of RBI Circular No.DOS No.BC. 14/Admin/919/16.13100/ 95 dated September 26,1995).

Chairperson: The meetings of the Audit Committee shall be chaired by Non-Executive Director/Independent Director who will not chair any other Committee of the Board/Board of the Bank.

Invitees: All Executive Directors of the Bank are invitees for the meetings of the Audit Committee of the Board.

Rotation of Members:

Non-official Directors should be rotated every two years. The Bank should, however, ensure that at least one non-official director is a Chartered Accountant. If the Bank has only one non-official Chartered Accountant qualified Director, he should not be rotated and should continue to be in the Audit Committee.

Frequency: Once in a quarter and at least six times in a year.

Functions:

1. ACB provides direction as also oversees the operation of the total audit function in the Bank. Total audit function implies the organization, operationalization and quality control of internal audit and inspection within the Bank and follow-up on the statutory / external audit of the Bank and inspection by RBI.

2. ACB reviews the internal inspection/audit functions in the Bank i.e., the system, its quality and effectiveness in terms of follow-up. It reviews the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings. It also specially focuses on the follow-up of:-
   - Inter-branch adjustment accounts,
   - Un-reconciled long outstanding entries in inter-Bank accounts and Nostro accounts,
   - Arrears in balancing of books at various branches,
   - Frauds,
   - All other major areas of housekeeping.

3. ACB obtains and reviews quarterly reports from the Compliance Officers appointed in the Bank in terms of other guidelines of RBI & SEBI.

4. Regarding statutory audits, ACB follows up on all the issues raised in the Long Form Audit Reports. It interacts with the external auditors before the finalization of annual/semi-annual financial accounts and reports.

5. Audit Committee reviews the Accounting Policies, Related Party Transactions, Mechanism for Whistle-Blower, Management Discussion & Analysis and Quarterly/Annual Financial Results of the Bank.

6. Audit Committee reviews & recommends the policies to the Board for approval on a yearly basis as per the categorization approved by the Board.

7. In addition to the above, the functions of the Audit Committee includes the role of the Audit Committee and review of information by audit committee as defined under Part – C of Schedule II – Corporate Governance of SEBI (LODR) Regulations, 2015.

3. Risk Management Committee (RMC)

Objective:

The Bank has constituted Supervisory Committee of Directors on Risk and Asset Liability Management in terms of RBI Circular No. BP.BC 8/21.04-098/99 dated 10.02.1999.In terms of SEBI (LODR) Regulations, 2015, the Board of Directors shall constitute a Risk Management Committee (RMC) in top 1000 listed entities determined on the basis of market capitalization as at the end of the immediately previous financial year. Considering the similarity in functions, the Board vide Agenda No. IV-A-4 dated 06.12.2019 changed the name of Supervisory Committee of Directors on Risk & Asset Liability Management (SCR & ALM) to Risk Management Committee (RMC).

Composition:

The Committee was initially formed with CMD, ED, Govt. Nominee Director and RBI Nominee Director and later on Committee was resized from time to time to draw benefits from expertise of Directors from various fields or on the basis of number of members on the Board. (Last reconstituted in Board Meeting of 12.05.2016 and of 23.09.2022)read with RBI circular no.RBI/2021-2022/24 DOR.GOV.REC.8/29.67.001/2021-22 dated 26.04.2021.

The Committee at present consists of the following members of the Board of Directors:

- Non-Executive Chairman*
- Managing Director & CEO
- Three Non-Executive/Independent Directors

In terms of RBI letter No. DBOD No. 7081/08.21.006 dated 29.10.2010 & subsequent letter no. 12558/08.21.006/2010-11 dated 08.02.2011, RBI Nominee director cannot be associated with this committee.

Quorum: Four members with Half of attending members as Independent Directors (of which one member shall be having professional expertise/qualification in Risk Management).

Chairperson:
Non-Executive Director* / Independent Director who will not chair any other Committee of the Board.

Invitees: The Board in its meeting held on 29.09.2022 has approved the that all Executive Directors as invitees to the Risk Management Committee of the Board of the Bank.

Frequency: Once in a quarter.

Functions:

To supervise the functions of Risk and Asset Liability Management in the Bank. It is responsible for identifying, evaluating and monitoring the overall risks faced by the Bank.

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* Pursuant to reconstitution of Board level Committees approved by the Board of the Bank in its meeting held on November 11, 2022.

To review & recommend the policies to the Board on a yearly basis before the same is placed to Board for approval as per the broad categorization approved by the Board.
Ministry of Finance, Govt. of India vide letter no. F.No. 16/19/2019-BO.Idated 30.08.2019, envisaged institution of a Risk Appetite Framework for a structured approach to manage, measure and control risk, consisting of –

i. A Risk Appetite Statement and Risk Limits for the Bank;
ii. Policies, Processes, Controls and Systems for both material and reputational risks
iii. Delineation of roles and responsibilities for overseeing implementation and monitoring.

It was further envisaged that the Risk Management Committee may be given a mandate to periodically review adherence to the Risk Appetite framework of the Bank and to fix accountability in the event of breach of approved Risk Appetite.

4. Special Committee of the Board for monitoring and follow-up of cases of Frauds (SCBMF)

Objective:

The Special Committee of the Board of Directors for Monitoring Cases of Frauds (SCBMF) is constituted in accordance with the guidelines issued by the Reserve Bank of India under the *Reserve Bank of India (Commercial Banks - Fraud Risk Management) Directions, 2026* (RBI/DoS/2026-27/412 DoS.CO.FMG.6/23.04.001/2026-27 dated 31.07.2026).

The Committee is responsible for monitoring and follow up of fraud cases involving amounts of Rs.6.00 crore and above in credit-related matters and Rs.1.00 crore and above in non-credit-related matters.

Composition:

The Special Committee is constituted with following members of the Board of Directors:

- **A Whole Time Director**
- **Two Independent/Non-executive directors (excluding RBI nominee Director).**

Quorum:

The quorum for the meeting shall be a minimum of three Board members, consists of:

- **One Whole-Time Director; and**
- **At least two Independent Directors / Non-Executive Directors.**

Chairman:

As per RBI (Commercial Banks – Fraud Risk Management) Directions-2026, the Committee shall be headed by one of the Non-Executive Director/Independent Director.

Rotation of Members:

The Board in its meeting held on 28.07.2015 has approved the rotation of two other members from the Board excluding RBI nominee after a period of one year from the date of appointment.

Further, Board in its meeting held on 20.06.2023 vide Minute No. BM-16 approved the term of membership on the respective Committee as Two years. As long as the Chairman of ACB shall become the member representing ACB and the other two directors representing Board shall be rotated after a period of two years.

Frequency:

The Special Committee of the Board will meet every quarter and at least four time in a financial year to review all fraud cases involving:

- **Rs. 6.00 crore and above in credit-related areas &**
- **Rs. 1.00 crore and above in non-credit-related areas.**

Functions:

The major functions of the Special Committee would be to monitor and review all the cases of frauds of Rs. 6.00 crore and above in credit-related areas & Rs. 1.00 crore and above in non-credit-related areas so as to:

- **To oversee the effectiveness of fraud risk management in the Bank**
- **To review and monitor fraud cases, including Root Cause Analysis of frauds and suggest mitigating measures for strengthening internal controls, the risk management framework and minimizing the incidence of frauds.**
- **Evaluation of existing systems and procedures for fraud detection and prevention.**
- **Review the efficacy of the remedial action taken to prevent the recurrence of frauds.**
- **Identify the systemic lacunae, if any, that facilitated the perpetration of frauds and to put in place measures to plug the same. Suggest any other measures considered necessary to strengthen fraud prevention mechanism.**
- **Analysis on categories/trends of frauds.**
- **Analysis on industry/sectoral/geographical concentration of frauds.**
- **Identify the reasons for delays in detection/classification of frauds.**
- **Reasons for delay in the examination/conclusion of staff accountability.**
- **Monitor the status of filing complaints with Law Enforcement Agencies (LEAs) and ensure that staff accountability is examined at all levels in all fraud cases and that staff side action, wherever required, is completed quickly without loss of time.**

5. Recovery Management Committee (ReMC)

Objective:

Government of India (GOI), Ministry of Finance, and Department of Financial Services GOI vide their communication No.F.No. 7/112/2012-BOA dated 21.11.2012 states that Public Sector Banks (PSBs) should constitute a Board level Sub-Committee consisting Managing Director & CEO, EDs and GOI director to monitor the progress in recovery on regular basis and this Committee would submit its report to the Board on monthly basis.

Composition

- Managing Director & CEO
- Executive Directors
- Government Nominee Director

Quorum: Three (Managing Director & CEO, One of the Executive Directors & Govt. Nominee Director)

Chairman: Managing Director & CEO is the Chairman of the Committee.

Rotation of Members: Not Applicable

Frequency: Quarterly

Functions:

To monitor the progress in recovery on regular basis and this committee should submit its report on quarterly basis.

To review & recommend the policies to the Board on a yearly basis before the same is placed to Board for approval as per the broad categorization approved by the Board.

6. HR Sub-Committee of the Board (HRSCB)

Objective

It is important to integrate the human resource (HR) improvements to the main line vision of the Bank and in this context a continuous interaction is required to be maintained with the HR consultants to address the Macro level HR issues, various benefits, training, promotion, manpower assessment & formulation of action plan for smooth and effective implementation of the HR processes.

The above requires continuous advice and guidance from the HR Consultants at frequent intervals. In view thereof, Bank has constituted HR Sub-Committee of Directors to oversee various HR related matters & provide their views/suggestions/recommendations to the Board for deliberations/approval considering the best HR practices in the industry & review & recommendations of the policies/schemes to the Board for approval.

Composition:

The committee consists of –

- Chairman
- Managing Director & CEO
- Executive Directors
- Government Nominee Director
- Any Director.

In addition, two Outside Experts in Human Resources also participate as special invitees in these meetings. Special Invitees will provide their inputs / guidance / recommendations to the Board on various HR related matters for deliberations & approval.

In terms of RBI letter No. DBOD No. 7081/08.21.006 dated 29.10.2010 & subsequent letter no. 12558/08.21.006/2010-11 dated 08.02.2011, RBI Nominee director cannot be associated with this committee.

Quorum: Four Members (at least one Non-Executive Director)

Chairman: Managing Director & CEO is the Chairman of the Committee.

In absence of MD&CEO, senior most Executive Director will Chair the Meeting.

Rotation of Members: The Board in its meeting held on 28.07.2015 has approved the rotation of 'any two Directors'after a period of one year from the date of appointment.

Outside Experts, can be rotated subject to their non-willingness/ other administrative exigencies to continue with the Committee as an Outside Expert. The outside experts should possess the requisite skills & expertise in HR. A professional/director in renowned institute like IIM etc. may be appointed as an Outside Expert with the approval of the Board.

Frequency: As and when required, at least once in a quarter.

Functions:

To HR-Sub Committee functions shall be bifurcated into below mentioned subsections for recommending the proposals to Board for deliberations/approvals:

1. Strategic HR Planning-

- Overall manpower plan and skills gap identification.
- Systems, procedures and structures to attract and groom right talent
- Aligning manpower planning & promotional vacancies with organizational goals.
- Engagement of consultants for improvisation in existing system/ procedures

2. Performance Management System & Succession Planning-

- Suggestions in developing robust appraisal system.
- System of providing developmental feedback to all staffs
- Review staff performance reports & Invocation of Regulation 19.
- Recommend rewards, recognition, or corrective action.
- Succession Planning, Systems, Procedures and structures to attract and groom right talent.

3. HR Policies & Benefits:

- Draft/review HR Policies like promotion/transfer/ manpower/recruitment etc.
- Introduce policies considering the changing diversified HR functions.
- Recommendations to Board on modifications/introductions of various benefits except on staff welfare measures provided to employees.

4. Training & Development

- Specialist business skills training.
- General retraining / reorientation programmes for all staffs
- Plan skill development & leadership.
- Evaluation of effectiveness of imparted trainings.

5. Statutory Compliances & Financial Delegation defined as per Expenditure Policy

- Remuneration/increments/allowances/ bonus/ implementation of court decisions/ Amendments in Regulations/ adoption of amended guidelines as issued by IBA/DFS time to time/ other statutory bodies/implementation shall be directly placed to Board for approval on account of statutory requirements.

- Such proposals wherein empanelment/ RFP is required, on in principle recommendations of HRSC, financial approval on the proposals shall be obtained as per financial delegation defined under Expenditure Policy of the Bank.

7. Stakeholders Relationship Committee (SRC)

Scope of the Committee:

I. The Stakeholders Relationship Committee of the Board was constituted in terms of mandatory requirement of Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations").

II. Reserve Bank of India letter dated 14.08.2004 and **the RBI direction 2025 on Responsible business conduct vide notification RBI/DOR/2025-26/170 no. DOR.MCS.REC.No.89/01-01-032/2025-26 dated November 28, 2025 and subsequent amendments.**

III. In voluntary nature with the philosophy of giving back to the society, in terms of RBI communication no. 237/2205-06 DBOD No. Dir.BC 50/13.01.01/2005-06 dated 21.12.2005.

IV. Environmental, Social and Governance (ESG Perspective) reporting requirements under the Business Responsibility and Sustainability Report (BRSR).

The scope and terms of reference to the Committee was enhanced by the Board vide Agenda No.A 9 dated 30.03.2022.

The Key Role of the Committee:

A. Stakeholders related:

1. Assist the Board of Directors ("Board") of Union Bank of India to oversee the various aspects of stakeholders (including investors, debenture holders, deposit holders or other security holders) interests;
2. Consider and resolve the concerns and complaints relating to transfer/transmission of shares, non-receipt of declared dividends, non-receipt of annual reports, non-receipt of interest and related complaint relating to Bonds, if any etc.;

B. Customer Service related:

1. To oversee the functions of overall customer grievance redressal in the Bank
2. To monitor the customer services and guide in improving the customer service in the Bank
3. To frame and review the Policies in the interest of customers' interest protection.

C. Corporate Social Responsibility related:

1. To review the Corporate Social Responsibility Policy of the Bank
   To review the activities / projects undertaken by the Union Bank Social Foundation Trust periodically.

D. ESG related:

1. To exercise oversight over ESG related activities.
2. Provide strategic guidance and oversight over all matters and activities relating to ESG.
3. Monitor implementation and execution of ESG related initiatives and policies;
4. Assess impact of various ESG initiatives;
5. Review disclosure of ESG matters to internal and external stakeholders;
6. Identify and recommend to the Board and the Committees of the Bank, the emerging risks related to ESG.

Constitution, Composition and Rotation of Membership:

The Committee shall have the following directors of the Board as its members:

As per Regulation 20 of SEBI (LODR) Regulations, 2015, as amended, the Chairperson of the Committee shall be a Non-Executive Director and at least three directors, with at least one being an independent director, shall be members of the Committee.

Further, in terms of SEBI notification dated 09.05.2018, SRC shall have one Independent Director as its member w.e.f. 01.04.2019.

Further, in terms of RBI letter No.DBOD.No.12558/08.21.006/2010-11 dated 08.02.2011, RBI Nominee Director cannot be associated with this committee.

Sl. No.	Membership strength	Category of Director	Remarks
1.	1	MD & CEO	Permanent Member of the Committee
2.	2,3 & 4	Executive Directors	Permanent Member of the Committee
3.	6	Govt. Nominee Director	Permanent Member of the Committee
4.	7, 8 & 9	Three Non-Executive Directors u/s 9 (3) (g) / (h) / (i) of the Act – Independent Directors	Member of the Committee on rotation basis
5.	-	Any Non-Executive Director out of Sl. No. 4, except RBI Nominee directors.	Chairman of the Committee

(* The Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970)

- Chairperson – The Chairperson of the Committee shall be a Non-executive / Independent Director.

- In case the Chairperson is not available to attend the meeting, the non-executive directors except RBI Nominee director, present may elect one among themselves to be the Chairperson of the meeting.

- The Chairperson of the Committee shall be present at the Annual General Meeting of the Company to answer queries of the security holders.

- **Invitees** – In addition to the members as mentioned above, Internal Ombudsman of the Bank and two outside experts be present as special invitee for the Agenda related to the Customer Service by Operation Vertical. The two outside experts may be invited by MD & CEO (in absence of MD& CEO, by ED overseeing Customer Service), with preference given to representation from Divyangjan.

- Secretary – The Company Secretary of the Bank acts as Secretary to the Committee.

- Rotation of Members: The Board in its meeting held on 28.07.2015 has approved the rotation of Three Non-Executive Directors after a period of one year from the date of appointment and re-nomination, if any may also be considered on need basis.

Procedure and Quorum:

Time and frequency of meetings - The Committee shall meet at least once in a quarter. Members who are not physically present may attend through video/ other audio visual means.
Quorum for meetings - Four members present, including those who attend via video conference shall form the quorum for the meeting. The participation of the Directors by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum.
Onward Reporting – The draft of the minutes of each meeting of the Committee shall be circulated amongst the members of the committee and within the statutory time period as stated in the Secretarial Standards and as per Code of Corporate Governance of the Bank. Once the Minutes are finalized, be also placed before the Board including this Committee.

Detailed Roles and Responsibilities of the Committee

The roles and responsibilities of the Committee shall inter-alia include the following:

A. Shareholders / Debenture holders Relationship:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, Bond Interest / Redemption etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3 Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank.
5. To monitor and review any investor grievances received by the Bank through SEBI, BSE, NSE or SCORES etc. and ensure its timely and speedy resolution, in consultation with the Company Secretary & Compliance officer and Registrar and Share Transfer Agent of the Bank;

6. To review compliance relating to all securities including dividend payments, transfer of unclaimed amounts or shares if any, to the Investor Education and Protection Fund;
7. To review the Annual Internal Audit Report in addition to the Review by the Board as to be received from the Registrar and Share Transfer agent pursuant to the SEBI Circular dated April 20, 2018 together with the audit observations and action taken report;
8. To maintain and promote the corporate image of the Bank among stakeholders including potential stakeholders.

B. Customer Service:

1. Formulation of a Comprehensive Deposit Policy,
2. Issues such as the treatment of death of a depositor for operations of his account,
3. Product approval process with a view to suitability and appropriateness,
4. Annual survey of depositor satisfaction,
5. Triennial audit of such services,
6. To review & recommend the policies to the Board on a yearly basis before the same is placed to Board for approval as per the broad categorization approved by the Board.
7. **To annually determine the required number of Internal Ombudsmen (IOs) and Deputy Internal Ombudsmen (Dy. IOs) based on the volume and complexity of complaints ; determine the structure of emoluments, facilities, and benefits for the IO/Dy. IO; approve the designation of a serving official equivalent to General Manager rank as IO for a period not exceeding one month in absence of IO and DY.IO; approve the removal of an IO/Dy. IO before completion of the contracted term; and approve the engagement of an IO across more than one Regulated Entity (RE).**

C. Corporate Social Responsibility:

1. Formulating and recommending the CSR Policy to the Board of Directors and indicating activities to be undertaken.
2. Approval of quantum/donation/CSR amount upto 1% of the published profit of the Bank.
3. Reviewing usage of delegated authority (As per CSR Policy) on quarterly basis.
4. Reviewing performance of Union Bank Social Foundation Trust on quarterly basis.

D. Environmental Social and Governance (ESG):

1. To focus on the macro-level trends and developments in ESG measurement and reporting standards and frameworks, help in creating ESG goals for the Bank and periodically reviews the ESG activities and related performance;
2. To assist and oversee the Bank's ESG program, strategy, initiatives, policies, reporting and disclosures;
3. To review the implementation of targets, standards and metrics established to assess and track the Bank's ESG performance to ensure that the performance of the Bank is consistent with the long-term strategic objectives, good corporate citizenship and the overall Bank's ESG strategy;

4. To review any reporting relating to sustainability initiatives e.g., Business Responsibility Report (BRR)/ Business Responsibility and Sustainability Report (BRSR) / Sustainability Report / Integrated Annual report etc.,
5. To review and evaluate the ESG risks identified by the Bank and to collaborate with the Board and its Committees to monitor and establish the mitigation plan for such risks;
6. To undertake self-evaluation of its own functioning and identification of areas for improvement; and
7. To perform such other functions or duties as may be required under the relevant provisions of SEBI Listing Regulations and the Act read with rules made thereunder and as may be specifically delegated to the Committee by the Board from time to time and as may be mandated under other Regulatory requirements from time to time.

Authority

- To authorize the Managing Director & CEO, Executive Director(s), Board Secretary, Company Secretary or any other Executive;
- To investigate any activity within its terms of reference;
- To seek information from any employee/management of the Bank;
- To seek advice from external experts /advisors / consultants/ legal counsel, where judged necessary, to discharge its duties and responsibilities; and
- To coordinate with other Committees of the Board of the Bank to the extent that its work has a bearing on their scope of work.

Review of Charter

The Committee may, from time to time, review the Charter and make appropriate recommendations to the Board. The Board may also review the Charter as per need based on Regulatory requirements. In case of any ambiguity or need for any clarification, the Bank should refer applicable Secretarial Standards, RBI guidelines, SEBI Listing Regulations, Government of India guidelines or instructions and any other applicable laws. Further, in case there prevails any inconsistency between the provisions of this Charter and the law, the law shall prevail.

Reference as Mandated by:

- Regulation 20 of SEBI Listing Regulations.
- The Relevant RBI guidelines.
- The last composition of SRC was approved by the Board vide Agenda Item No. A-18 in Board Meeting dated 05.01.2015.
- RBI letter dated 14.08.2004 and the master circular on Customer Service.
- Corporate Social Responsibility Committee (CSRC) constitution in terms of RBI communication no. 237/2205-06 DBOD No. Dir.BC 50/13.01.01/2005-06 dated 21.12.2005 vide Board Agenda Item No. P-2 in its meeting held on 11.12.2017.

8.IT Strategy Committee (ITSC)

Objective:

As a part of IT Governance measures, RBI has recommended creation of IT Strategy Committee of the Board vide its notification no. DBS.CO.ITC.BC.NO. 6/31.02.008/2010-11 dated 29.04.2011 to advise the Board on strategic direction on IT and to review IT Investments on Board's behalf.

Further, Minister of Electronics and Information Technology (MeitY) in the quarterly review meeting with the CEOs of Public Sector Banks for the year 31.03.2017 held on 12.06.2017 recommended that Banks may consider constituting a Board-level Sub-Committee on Digital Transactions to monitor the progress of Digital Transactions. The Board in its meeting held on 28.09.2017 vide Agenda Item No. A-9, has authorized IT Strategy Committee to act as Board level Sub-Committee on Digital Transactions and has induction of Govt. Nominee Director on the IT Strategy Committee. The ITSC was last reconstituted by Board vide agenda item no. A-8 of its meeting dated 24.01.2022.

Composition:

The committee shall consist of -

- Managing Director & CEO
- Executive Directors
- Govt. Nominee Director
- Two Non-Executive Directors one of whom shall be Independent Director
- CISO (Permanent Invitee)
- The Chief Information Officer /Chief Technology Officer (CGM/GM/Vertical Head heading the IT function of the Bank)

Quorum: Four

Chairman: Independent Director will be the Chairman of the Committee.*

*(The Chairperson of the ITSC is an independent director having substantial IT expertise in managing / guiding information technology initiatives; 'Substantial IT expertise' means having a minimum of seven years' experience in managing information systems and / or leading / guiding technology/ cybersecurity initiatives / projects. The Chairperson should also understand the business processes at a broader level and the impact of IT on such processes)

Rotation of Members: The Board in its meeting held on 28.07.2015 has approved the rotation of two Non-Executive Directors (including one Independent Director) except Govt. Nominee Director after a period of one year from the date of appointment.

Frequency: Once in a quarter

Functions:

- Approving IT strategy and policy documents.
- Ensuring that the management has put an effective strategic planning process in place.

- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Bank towards accomplishment of its business objectives.
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level of organisation.
- Ensure that processes for assessing and managing IT and cybersecurity risks are in place.
- Ensure that the budgetary allocations of the IT function (including IT Security), cyber security are adequate with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.
- Ensuring that the IT organizational structure complements the business model and its direction
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources
- Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks
- Assessing Senior Management's performance in implementing IT strategies
- Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
- Overseeing the aggregate funding of IT at a Bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks
- Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value)
- Review, at least annually, the adequacy and effectiveness of Business Continuity Planning and Disaster Recovery Management of the Bank. (Note: The reference to Business Continuity / Disaster Recovery Management in these Directions is limited to operational resilience focusing on People, Processes, and Systems associated with the IT, Information Systems (IS), information security / cybersecurity controls and operations)-
- **Review the assessment of IT capacity requirements and the measures taken to address the issues**
- **Approve documented standards and procedures for administering need-based access to an information system.**

9. Nomination & Remuneration Committee (NRC)

Objective:

Reserve Bank of India vide circular no. RBI/DBR/2019-20/71 dated 02.08.2019 has issued Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019. In terms of Para 4.1 of the said directions, the bank is required to constitute a Nomination and Remuneration Committee for undertaking a process of due diligence to determine the 'fit and proper' status of the persons to be elected as directors under Section 9(3)(i) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

With the issue of these Directions, the instructions/guidelines contained in the RBI circular DBOD. No. BC.No.47/29.39.001/2007-08 dated 01.11.2007 on 'Fit and proper' criteria for elected directors on the boards of nationalised banks has been repealed and thus, the existing Nomination Committee will no longer be in existence.

Further, in terms of Ministry of Finance Notification no. F. No. 16/19/2019-BO.1 dated 30.08.2019, In place of separate Nomination Committee of the Board and Remuneration Committee of the Board, the bank may constitute a single committee named Nomination and Remuneration Committee for carrying out the functions entrusted to the said two committees and having composition as specified vide RBI's communication RBI/DBR/2019-20/71 Master Direction DBR.Appt. No.9/29.67.001/2019-20, dated 02.08.2019.

Composition:

- Non-Executive Director nominated under section 9(3)(g) of the Act
- Three Non-Executive Directors nominated under section 9(3)(h) and 9(3)(i) of the Act

Quorum: Three

In case the absence of any nominated member results in want of quorum, the Board may nominate any other non-executive director in his place for the meeting.

Chairman: To be Nominated by the Board.

Rotation of Members:

One member out of two Non-Executive Directors nominated under clause (h) of the section 9(3) of the Act to retire by rotation every year. The director with lesser remaining tenure on the Board to retire first in case both the directors nominated same day on the Committee.

Frequency: As and when required.

Functions:

- To undertake a process of due diligence to determine the 'fit and proper' status of the persons to be elected as directors under Section 9(3)(i) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- The Committee shall meet after the last date prescribed for acceptance of nominations and determine whether or not the person's candidature should be accepted, based on the criteria given in Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019.
- Based on the information provided in the signed declaration, the Committee shall decide on the acceptance or otherwise of the candidature and shall make references, where considered necessary, to the appropriate authority / persons, to ensure that the candidate conforms to the requirements indicated.
- The Committee shall adopt the revised criteria given in the RBI directions while scrutinizing the nomination of candidates seeking election as new directors (appointment/re-appointment).
- Functions related to remuneration mandates as finalized by the various authorities such as RBI or GOI.
- Overview of Board level committees; nomination/re-nomination.
- Recommendation of fixation of Remuneration to the Board, for the appointment of Executive on contractual basis for General Manager and above Equivalent post.
- Recommending to the Board the Nomination of Non-Executive Directors of the Bank as the Directors on the Boards of Subsidiaries / Joint Ventures / Associates of the Bank.*

Functions of NRC as per SEBI (LODR) Regulations, 2015 –

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- For every appointment of an independent director, the Nomination and Remuneration Committee 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 an external agencies, if required;
  b. consider candidates from a wide range of backgrounds, having due regard to diversity;
  c. consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

* Sr. No. 8 under Terms of Reference has been inserted vide Minutes No. BM-15 dated 14.08.2024 of Agenda No. A-11 i.e. Nomination of Non-Executive Directors (NED) of The Bank on the Boards of Bank's Subsidiary Companies.

10. Disciplinary Proceedings Committee – Vigilance / Non-Vigilance (DPC)

Objective:

As per guidelines of Ministry of Finance, Government of India a Committee consisting of Chairman & Managing Director, GoI and RBI Nominee Directors was constituted to deal with the promotions at senior level. Further, Ministry of Finance vide its letter no. 10/12/90/VIG/CVOS dated 24.10.1990 has directed that the Directors Promotion Committee of the Bank should also review vigilance disciplinary cases & departmental inquiries on a quarterly basis. Originally, both the functions were carried out by a single committee; however, later on the Committees were separated and two committees viz. Directors' Promotion Committee (DPC) and Disciplinary Proceedings Committee – Vigilance/ Non-Vigilance (DPC-V) were in vogue.

Directors' Promotion Committee was later reconstituted from time to time in line with of MOF guidelines resting with circular no. F.No.4/3/1/2012-IR dated 16.04.2019.

Pursuant to MOF communication no. F. No. 16/19/2019-BO.1 dated 30.08.2019, the Board with a view to rationalize the number of committees and considering similar composition of these committees, merged both the Committees. The new Committee has been named as Disciplinary Proceedings & Promotion Committee ("DPPC"). Further, Board vide Minute no. A-10 dated 27.09.2023 renamed the Committee as Disciplinary Proceedings Committee – Vigilance / Non-Vigilance (DPC).

Composition:

The present composition of the committee is as under:

- Managing Director & CEO (senior most Executive Director in case of vacancy in the office of MD & CEO)
- Government Nominee Director
- RBI Nominee Director

As per MOF guidelines dated 24.10.1990, Executive Directors shall also be associated with the disciplinary review. Thus, Executive Directors shall be invited in the meetings of the DPPC as invitee when disciplinary cases are reviewed.

Quorum: All members

Chairman: Managing Director & CEO is the Chairman of the Committee.

Rotation of Members: Not Applicable

Frequency: Once in a quarter

Functions:

- To review Vigilance, Non-Vigilance disciplinary cases and departmental enquiries
- To review APAR marks of Top Executives upon their representation within 15 days from the date of disclosure.
- To review the appeal against the Regular Departmental Action for major penalty for General Managers

11. Share Transfer Committee of the Board (STCB)

Objective:

In terms of regulation 17 of Union Bank of India (Shares and Meetings) Regulations, 1998 transfer of shares is to be effected after the approval of the Board or a Committee designated by the Board for the purpose. To comply with the same, the Board has constituted Share Transfer Committee of the Board.

Composition:

- Managing Director & CEO or in his absence, Executive Director incharge of Board Secretariat.
- Two Non-Executive Directors.

In terms of RBI letter No.DBOD.No.12558/08.21.006/2010-11 dated 08.02.2011 RBI nominee director cannot be associated with this committee.

Quorum: Two members

Chairman: Managing Director & CEO or in his absence, Executive Director incharge of Board Secretariat.

Rotation of Members: Rotation of Non Executive Directors after a period of one year from the date of appointment.

Frequency: Approvals of the Committee may be sought through Note by Circulation. However, at least one meeting of the Committee shall be held in a quarter.

Function:

The Bank has constituted Share Transfer Committee of Board with powers to confirm transfer/transmission/duplicate/re-mat of shares etc.

12. Review Committee of the Board on Willful Defaulters (RCBWD)

Objective:

The Bank had constituted Review Committee on Classification of the Borrower as Non-Cooperative Borrower (**RCNCB**)as per RBI guidelines dated 22.12.2014 and Review Committee on Willful Defaulters of the Bank (**RCWDB**) as per RBI guidelines dated 07.01.2015.

The objective of the RCNCB was to review the orders on classification of the Borrower as Non-Cooperative passed by the Internal Committee. The objective of RCWDB was to review & confirm the orders passed by Committee headed by Executive Director on classification of Borrowers as Willful Defaulters.

MOF in consultation with RBI vide communication no. F. No. 16/19/2019-BO.1 dated 19.11.2019 has informed that in place of separate RCNCB and RCWDB, a single committee may be constituted for carrying out the functions entrusted to the said two committees. Accordingly, RCNCB & WD Committee is constituted (now RCBWD).

Composition:

- Managing Director & CEO
- Two Independent Directors

Quorum: All 3 Members

Chairman: Managing Director & CEO

Rotation of Members: Independent Directors shall be rotated after a period of one year from the date of nomination on the Committee.

Frequency: At least once in a quarter.

Functions:

- To review and confirm the Proposals of the Identification Committee headed by Executive Director for proceeding further on classification of Borrowers as Willful Defaulters.
- To provide personal hearing opportunity to the borrowers and taking decision declaring them as Wilful Defaulters after assessing the facts/ material on record and considering representations submitted by them, if any.
- To pass a Reasoned Order to the borrowers declared as Wilful Defaulters.
- To take decision for publication of photographs of persons declared as Wilful Defaulters.

13. Board Committee for Performance Evaluation (BCPE)

Objective:

Ministry of Finance ("MOF") vide communication no. F. No. 9/5/2009-IR dated 30.08.2019 and 14.11.2019 advised the Bank to constitute a Board Committee for Performance Evaluation of Managing Directors & CEO, Executive Directors in charge of internal Control Functions (Risk, Compliance and Audit) and of functions other than Internal control and Chief General Managers / General Managers in charge of internal control functions (Risk, Compliance and Audit) of the bank and of functions other than Internal control.

The extant arrangements for recording of Annual Performance Appraisal Reports (APARs) of Managing Director and CEOs, Executive Directors and General Managers of nationalised banks for the Financial Year 2019-20 has been revised as per the above MOF guidelines.

Composition:

- Non-Executive Chairman*
- Government Nominee Director
- Longest serving shareholder director

Note: In case of vacancy in the office of NEC, the Chairman of Audit Committee of the Board shall be a member of the Committee in place of NEC.

MOF vide communication no. F. No. 9/5/2009-IR (Pt.II) dated 23.03.2021 advised that, in case the same director is a member of the committee by virtue of coming under two categories (e.g., being the Chairman of the Audit Committee of the Board as well as the longest serving shareholder director), the Board of Directors of the Bank may include another non-executive director as a member on the Committee.

Quorum: All the three members

Chairperson: Independent Director to Chair the Committee, who is not chairing either RMCB or/and ACB.

Rotation of Members: Not Applicable.

Frequency: At least once every year.

Functions:

- To appraise, review and accept the Annual Performance Appraisal Reports of the Managing Director and CEOs, Executive Directors and Chief General Managers/ General Managers in charge of Risk, Compliance and Audit.
- Set up quantitative and qualitative KPIs for evaluation of performance of GMs/ CGMs and EDs
- Propose to the Bank's Board, for decision by the Board, qualitative and quantitative KPIs for evaluation of performance of the Managing Director and CEO

* Pursuant to reconstitution of Board level Committees approved by the Board of the Bank in its meeting held on November 11, 2022.

Summary of Performance Appraising Authorities as per Ministry of Finance ("MOF") vide communication no. F. No. 9/5/2009-IR dated 30.08.2019 **is given hereunder for ready reference:**

Sr. No.	Designation	Reporting Authority	Reviewing Authority	Accepting Authority
1.	Managing Director & CEO	BCPE	BCPE	BCPE
2.	Executive Director in charge of internal Control Functions (Risk, Compliance and Audit)	MD & CEO	BCPE	BCPE
3.	Executive Director in charge of Functions other than internal Control functions	MD & CEO	MD & CEO	MD & CEO
4.	Chief General Manager/General Manager in charge of internal control functions (Risk, Compliance and Audit)	Executive Director concerned	MD & CEO	BCPE
5.	Chief General Manager/ General Manager in charge of functions other than internal control functions	Executive Director concerned	Managing Director & CEO	Managing Director & CEO

14. Credit Approval Committee - I (CAC-I)

Objective:

As per the provisions contained in Ministry of Finance, Department of Financial Services Gazette Notification No. SO.2736 (E) dated 05.12.2011, the Board in its meeting held on 20.04.2012 has approved the constitution of Credit Approval Committee at Central Office. Credit Approval Committee-I (CAC-I) is operational with effect from April, 2012.

The Bank's internal Circular (Instruction Circular) No. 9254 dated 26.04.2012 gives details of Constitution of CAC at Central Office, ZONAL OFFICE. (ZLCC) and RO (RLCC) and Instruction Circular No. 9784 dated 26.12.2013 gives the details of Functions of Credit approval Committee at Central Office, which includes CAC-I & CAC-II. CAC-III has been restored and the delegation of CAC-I & CAC-II has been modified vide Instruction Circular No. 106-2015 dated 09.06.2015 and modified by circular no.2450 dated25.02.2021. Loan policy circular no.3930 dated 31.03.2023

In terms of Ministry of Finance, Government of India circular no. 8/15/2014 – BOA dated 04.11.2016, CAC constitution may be decided by the Bank's Board.

Composition:

Present composition of CAC-I as approved by the Board is as under –

- The Managing Director and Chief Executive Officer (Mandatory)
- The Executive Directors (presence of at least one Executive Director is mandatory)
- The Chief General Manager or the General Manager in-charge of the Credit verticals*
- The Chief General Manager or the General Manager, as the case may be, in-charge of the Finance, present CFO and in his absence his Deputy
- The Chief General Manager or the General Manager, as the case may be, in-charge of the Risk Management (Mandatory), present CRO and in his absence in his absence his Deputy .
- *Credit Verticals are LC/ Financial Institutions Group / Mid Corporate / MSME / Agri Business / Retail Asset Vertical/ SAMV/ DFB&IBD and the CGM/GM heading the vertical would be a member of CAC-I for the proposal presented by the concerned vertical during the meeting.

Heads of other verticals presenting their agendas as per other policies in CAC-I shall be considered as members of the CAC-I Committee for the respective proposals.

Where any of the above credit verticals is headed by DGM/empanelled GM, for an intervening period, the Head of such Department should be construed as member of CAC-I.

Opinion of CGM/GM (CCM) to be invariably mentioned in the credit proposals for review/renewal/enhancement of existing credit relationship and the action of the bank thereon.

In terms of Ministry of Finance, Govt. of India letter no. F.No. 4/4/2015-BO.I(pt.) dated 30.10.2015, Non-Executive Chairman shall not be in the Management Committee/Credit Approval Committee.

Quorum:

Three (Managing Director & CEO, One of the Executive Directors and GM (RMD) are the mandatory members of CAC - I)

Chairman: Managing Director & CEO is the Chairman of the Committee.

Rotation of Members: Not Applicable

Frequency:

The CAC-I will normally meet once in 10 days. However, depending upon number of proposals and/or urgency the Secretary of CAC-I may convene the meeting on any day with a shorter notice.

Function:

All credit related matters including approval of new proposals, review-renewal proposals with enhancements, miscellaneous requests, interest concessions, compromise/write off proposals within its delegated authority i.e. credit proposals of above Rs.250crores and upto Rs.800 crores(in case of 'A' and above externally rated accounts having valid rating) and upto Rs.600 crores (in case of other accounts) and also accounts with group exposure upto Rs.800 crores are being put up before the CAC-I for approval.

In terms of sub-paragraph (3A) of paragraph 13A of the Nationalised Banks (Management & Miscellaneous Provisions) Scheme, 1970, in banks with net non-performing assets of less than 6% of Risk-Weighted Assets as per last declared result of the Bank, the CAC-I shall exercise the powers of the Board with regard to credit proposals –

Total Business of Bank (i.e. Total of Loans & Advances and Total Deposit)	**Delegated Power**
More than Rs. 10 lakh crore	Upto Rs.800 crore
More than Rs. 5 lakh crore to Rs. 10 lakh crore	Upto Rs.600 crore
More than Rs. 3 lakh crore to Rs. 5 lakh crore	Upto Rs.500 crore
Other Nationalised Banks	Upto Rs.250 crore

CAC-I is the delegated authority for sanctioning of Capital & Revenue Expenditure as per the limits prescribed in Capital & Revenue Expenditure Policy.

Note: In terms of Clause 13A of the Nationalised Banks (Management & Miscellaneous Provisions) Scheme, 1970, the minutes of the CAC-I shall be laid before the Board as soon as may be after the end of the meeting.

15. Committee of Directors for Raising of Capital Funds (CDRCF)

Objective:

The Board in its meeting held on 28.04.2017 has constituted the Committee of Directors for Raising of Capital Funds and has authorised the Committee for all the functions related to issue of Equity Capital / AT 1 Bonds / Tier 2 Bonds.

Composition:

- Managing Director & CEO
- Executive Directors
- **Two Non-Executive Directors**

Quorum: Two members, **along with** one Non-Executive Director
Chairman: Managing Director & CEO is the Chairman of the Committee (in absence of MD & CEO, senior most Executive Director) .

Rotation of Members: Not Applicable.

Frequency: As and when required.

Function: CDRCF is authorized to carry out the following functions related to issue of Equity Capital / AT 1 Bonds / Tier 2 Bonds including but not restricted to:

1. To do all such acts, deeds and things as it may in its absolute discretion deems necessary, proper and desirable including but not limited to decide on quantum & mode(s), number of tranches, price or prices, discount/premium, reservations to employees, customers, existing shareholders and/or any other persons as decided by the Board and as provided under SEBI regulations and the timing of such issue(s), calling the issue open at its discretion subject to applicable Laws, Rules, Guidelines, Regulations and approval of Government of India, Reserve Bank of India and other Statutory Authorities as may be required.

2. To take decisions on the following or delegate the powers to the 'Committee of Executives for Raising of Capital Funds' constituted by it to carry out the following functions including but not restricted to:

    - Appointment of Arranger(s) / Merchant Bankers / Legal Counsels / Auditors and other intermediaries;
    - Decision on obtaining rating for the instrument
    - To finalize the Information Memorandum and to carry out all other acts incident to raising of Equity Capital / AT1 Bonds / Tier 2 Bonds;
    - To incur or authorize officials of the Bank to incur such expenditure as may be necessary for raising Equity Capital, AT1 Bonds and or Tier 2 Bonds;
    - To authorize officials of the Bank for executing documents on behalf of the Bank as may be necessary for issue/listing of Equity Capital, AT1 Bonds and or Tier 2 Bonds or other related activities.

CHAPTER - IV

RELATION WITH SHAREHOLDERS

A. Union Bank of India (Shares and Meetings) Regulations, 1998

The Union Bank of India (Shares and Meetings) Regulations, 1998, as amended, prescribes the procedure for Issue of new or duplicate Share Certificate, Consolidation and sub-division of Shares and Transfer of Shares etc. Further, it lays down the guidelines for Meeting of Shareholders viz. Annual General Meeting and Extraordinary General Meeting.

B. Share Transfer system and Redressal of Investor Grievances

In terms of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the Bank shall ensure that all transfers of shares are duly effected within the period of fifteen days from the date of their lodgment with complete documents. The Bank has constituted a Share Transfer Committee of the Board to consider transfer of shares and other related matters.

In terms of Regulation 40 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 as amended & SEBI notification dated 27.03.2019, requests for effecting transfer of shares shall not be processed unless the shares are held in dematerialized form and transfer deeds once lodged prior to 31.03.2019 and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of 01.04.2019 but not later than 31.03.2021. The Bank/RTA has started issuance of "Letter of Confirmation" in lieu of physical securities certificate in compliance with SEBI Circular no. SEBI/HO/MIRSD_RTAMB/P/CIR/2022/8 dated 25.01.2022. Bank now issue securities in dematerialized form only. Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 .

Share Transfer and all other investor related activities are attended and processed at the office of the Registrar & Share Transfer Agent. The shareholders may lodge their transfer deeds and any other documents, grievances and complaints with the Registrar & Share Transfer Agent.

The Bank also has established **Investor Services Division** at its Central Office, Mumbai. The Shareholders may contact Company Secretary, Investor Services Division for any of their complaint / grievances. The designated e-mail ID for lodging grievances/complaints is investorservices@unionbankofindia.com. The Bank has also formed a Stakeholders Relationship Committee (earlier known as Shareholders'/ Investors' Grievance Committee of the Board) to look into investor grievances.

C. Stakeholders Relationship Committee

Stakeholders Relationship Committee (SRC) has been constituted by the Board to look into the redressal of shareholders and investors complaints regarding transfer of shares, non-receipt of refund orders, share certificates, dividends, Bond related complaints and other roles etc.

D. Standards for Investor Services

The Bank has set following service standards for investor services in line with SEBI Master Circular for Registrars to the issue and Share Transfer Agents dated May 17,2023. :

Particulars of correspondence	No. of days for response from the date of receipt
Change of address	15 days
Change of Bank details	15 days
Change of Bank Mandate	7 days
ECS recording	7 days
Nomination recording	30 days
POA registration	7 days
Status change	7 days
Change of name	7 days after receipt of completed documents
Demat of shares	15 days after receipt of completed documents
Remat of shares	30 days after receipt of completed documents
Transfer of shares	15 days after receipt of completed documents
Transmission of shares	21 days after receipt of completed documents
Transposition of shares	15 days after receipt of completed documents
Issue of Duplicate share certificates	30 days after receipt of completed documents
Non-receipt of shares after transfer	Interim reply within 4 days
Consolidation of certificates	30 days after receipt of completed documents
Consolidation of folios	30 days after receipt of completed documents
Splitting of certificates	30 days after receipt of completed documents
Non receipt of dividend	Interim reply within 4 days
Issue of duplicate divided warrants	15 days after receipt of completed documents
Revalidation of dividend warrant	7 days
Non receipt of Integrated Annual Report	4 days

E. Means of Communication

The Quarterly, Half-yearly and Annual Financial Results of the Bank would be published in leading newspapers including Business Standard (English& Hindi), Free Press Journal (English), Navbharat Times (Hindi), Navshakti (Marathi) and similar such newspapers. The same would be simultaneously hosted on the Bank's website- www.unionbankofindia.co.in. Similarly, the press releases issued by the Bank, related presentations, shareholding pattern, etc. are also simultaneously hosted on the Bank's website www.unionbankofindia.co.in.

The Bank has been filing information statements and reports as required by Listing Agreement to BSE & NSE on their respective web-sites, which can be easily accessed by the public.

The Bank also sends a synopsis of half-yearly performance of the Bank to each shareholder.

F. Dividend Distribution

The Bank would be giving the following options to the shareholders for credit of dividend to their account:

- **National Automated Clearing House (NACH)**
- Direct Credit to Account with Union Bank of India
- Physical Dividend Warrant

Efforts are made to distribute the dividend within 15 days of declaration. The Bank would also send periodic reminders by way of individual correspondence, request in Half Yearly Communication/Integrated Annual Report and through website to the shareholders for claim of unclaimed dividend before the last date of transfer to Investor Education and Protection Fund (IEPF).

The Bank has appointed the Company Secretary as the Nodal Officer and on officer from Investor Services Division as Deputy Nodal Officer for verification of unpaid dividend claims and coordination with IEPF Authority.

G. Annual General Meetings

The Bank considers Annual General Meeting to be an effective means to communicate with its shareholders and encourage their participation. The meeting is convened on the authority of the Board. The Bank ensures that:

- All steps are taken to ensure that the Annual Report reaches the shareholders before the statutory time limit. No business other than those specified in the Notice would be taken up for consideration at the Meeting.

- The shareholders are invited to participate in discussions on the Balance Sheet and Profit and Loss Account of the Bank. The queries raised by the shareholders are duly addressed by the Chairman.

- Efforts are made to ensure presence of Chairmen of Audit Committee Meeting, Stakeholders Relationship Committee and Nomination Committee in the meeting to address the shareholder queries.

- Separate Resolutions are put up for each issue and no issues are clubbed together.

- Voting at Annual General Meeting: In terms of provisions of Clause 2-E of Section 3 of the Banking Companies (Acquisition & Transfer, etc.) Act, 1970 “No shareholder of the Bank other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of ten percent of the total voting rights of all the shareholders of the Bank.”

- Ministry of Corporate Affairs has amended Rule 20 of the Companies (Management and Administration) Rules, 2014 vide Notification dated 19.03.2015. As per rules, every Company having its Equity Shares listed on a recognised Stock Exchange or a Company having not less than one thousand members, shall provide to its members facility to exercise their right to vote on Resolutions proposed to be considered at general meetings by electronic means. The Bank provides the facility of e-voting to its shareholders at General Meeting.

- No gifts, gift coupons, or cash in lieu of gifts should be distributed to the Members at or in connection with the Meeting.

- The Minutes of the meeting would be recorded within 30 days from the conclusion of the meeting and shall be duly signed by the Chairman of the Meeting and are preserved permanently.

- **Also, AGM/EGM held through VC or OAVM for wider participation under Regulatory prescription**.

H. Integrated Annual Report/Annual Report

The Integrated Annual Report of the Bank is envisaged to be comprehensive by providing information much beyond the statutory requirements and document seeks to provide analytical data and qualitative information for proper understanding of the performance of the Bank.

I. Implementation of Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA), Government of India has issued circulars no.17/95/2011 CL-V dated 21.04.2011 and 18/2011 dated 29.04.2011 announcing "Green Initiative in the Corporate Governance" enabling Companies to make paperless compliances. As provided in Regulation 36(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the listed entity shall send the soft copy of the Annual Report to all those shareholders who have registered their email address(es) for the purpose and hard copy to those who have not so registered or has requested for hard copy.

Advantages of this Green Initiative are:

- Reduction in paper consumption thus reducing the carbon footprint.
- Contribution towards a greener environment.
- Ensure prompt receipt of communication.
- Avoid loss in postal transit.

To support "GREEN INITIATIVE in the Corporate Governance", shareholders have been requested to register their E-mail IDs with Depository Participant (DP), for shares held in electronic/demat form and with Registrar & Transfer Agent (RTA) for shares held in physical form to enable servicing of notices/Annual Reports/communications etc. electronically to their email address. **Endeavor has been made to have ESG reporting as a part of Non-Financial Reporting by mapping with Business Responsibility Sustainability Report.**

CHAPTER – V

MISCELLANEOUS ISSUES

1. Code of Business Ethics

The Bank complies not only with the internal policies and guidelines to be the best in business services but also complies with the Banking Codes and Standards Board of India (BCSBI) Code. A copy of the code is made available at all branches and the website of the Bank. A copy of the same is made available to a new customer along with Account Opening Kit.

2. Code of Conduct

The Bank is conscious of the ethical conduct and behavior expected of its Directors, Senior Managers and Officers. The Bank has framed the following Codes in this regard–

- Code of Conduct (Directors)
- Code of Conduct (Senior Management)
- Code of Conduct (Officers)

3. Prohibition of Insider Trading Code of Conduct For Prohibition of Trading by Insiders and Fair Disclosure of Unpublished Price Sensitive Information (UPSI) 2023-24

SEBI vide notification dated 15.01.2015 has issued SEBI (Prohibition of Insider Trading) Regulations, 2015 which requires the Bank to formulate Code for Fair Disclosure of Unpublished Price Sensitive (UPSI) Information and Code of Conduct for Prohibition of Insider Trading. Accordingly, the Bank has adopted Code of Conduct for Prohibition of Trading by Insiders and Fair Disclosure of Unpublished Price Sensitive Information (UPSI). These Codes are also made available on Bank's Website.

4. Related Party Transaction Policy

The Policy is framed as per the requirements of the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy has been laid down to ensure proper approval and reporting of transactions between the Bank and its Related Parties. The Policy is also made available on Bank's Website.

5. Procurement Policy

The Bank has a detailed policy guideline on procurement and vendor analysis/grievance. A list of these policies is given below:

- Computer Hardware and Software Procurement Policy.
- Reverse Auction Policy
- Policy on Outsourcing
- Acquisition of Premises on Lease /Rental Basis

These policies are framed broadly keeping in view the CVC guidelines. These policies are also subject to annual review by the Board.

6. Corporate Communications

The Bank considers corporate communications as an effective tool for managing perceptions and creating timely dissemination of information. Keeping this in view, the Bank has in place a corporate communication policy & guidelines on an annual basis and uses all modes of communication like electronic, audio, visual, website, hoardings, print media, sponsorship, social media etc. and also organizes various press and analyst meets from time to time.

7. Social Media

Social media is the future of communication with enhanced experience of information sharing. Social media has relevance not only for regular internet users, but business as well. Social media can be used to increase brand exposure, to know what people are saying about a brand, gaining competitive intelligence, creating buzz for campaigns, improving search engine etc.,

Social Media Channels:

- **Facebook** – For creating awareness about information published by the Bank and interacting with the audience via visually rich and engaging content.
- **X** (formerly Twitter) – For operating as a real time channel for broadcasting offers, new developments and initiatives, and for engaging influencers, as well as responding to customer care queries.
- **YouTube** – Creating interesting brand videos with a focus on new products, offers, campaign stories to engage the audience. Also cross sharing all uploads on other channels to create interaction.
- **Instagram**– To create brand image among our young and other Instagram audience by promoting eye-catching and informative creatives and short videos.
- **LinkedIn**– to build a strong presence in banking industry and boost our reach by posting contents and blogs on our Bank's recent activities time to time.

Social media Governance: social media is part of the Corporate Communications and as such it has a dedicated team of Officers to administer Social Media Handles/Pages round the clock 24 x 7.

8. Staff Related Matters

Senior Level Promotion: Disciplinary Proceedings & Promotion Committee-"DPPC" (now Disciplinary Proceedings Committee-"DPC") conducts promotion process for TEGS VI, TEGS VII & TEGS VIII and consider appeals of these Executives against non-promotion to next level, to consider promotions in cases where Sealed Cover Procedure is adopted, to review retirement of executives in SMGS V, TEGS VI and TEGS VII, TEGS VIII under Regulations 19(1) of Union Bank of India (Officers) Service Regulations, 1979 before attaining superannuation.

Other promotions: Besides, this Committee, the Bank also has well defined staff recruitment, remuneration, promotion and staff welfare policies/scheme.
The remuneration policy of the Bank is as per the bipartite negotiations held between IBA on behalf of Bank Management and various Staff Unions on behalf of employees.

9. Vigilance

The Bank also has an elaborate and well-structured Vigilance system in tune with the guidelines issued by the Central Vigilance Commission.

To check the occurrence of frauds, Preventive Vigilance visits are undertaken to the branches/controlling offices and field functionaries are sensitized about the pitfalls. Improvements in systems and procedures are suggested wherever warranted.

A bi-monthly Newsletter 'UNION VIGIL' is published to capture the fraud prone areas, modus operandi adopted by the fraudsters and preventive vigilance measures to combat the menace of frauds.

In addition, all the departments have been instructed to provide a certificate to the effect that all the applicable vigilance guidelines, if any, have been adhered to while placing the memorandum for approval of the Board/ Management Committee of Board.

Further, in the progress report for the activities of the departments, it has been advised to place detailed justification for variances of any nature.

The Bank has introduced **'Whistle Blower Policy'** during April, 2006 in line with 'Public Interest Disclosure & Protection of Informant Resolution' (PID & PIR) of the Central Vigilance Commission (CVC), New Delhi. The policy is reviewed from time to time to incorporate various changes.

10. Other Policies

Policies are a set of principles and long-term goals that form the basis of making rules and guidelines, and to give overall direction to planning and development of the organization.

Banks are generally framing policy in line with RBI Master Circulars updated every year in the month of July. The updation of the policy will help the Bank to work within the framework of the RBI guidelines. All policies as framed by the Bank and reviewed by respective sub-committee of Board, if any, and then approved in Board Meeting. The policies are also reviewed every year as a part of Annual Review as mandated by RBI. After approval of the Board Meeting, the same is circulated to all branches and ROs, ZONAL OFFICE.s for its proper implementation and guidance.

CHAPTER – VI

POLICY ON NEED-BASED ENGAGEMENT OF EXTERNAL DOMAIN EXPERTS IN BOARD COMMITTEES

1. Preamble

Effective Board oversight in regulated financial institutions requires access to specialized knowledge in areas such as risk management, accounting, auditing, information technology, cybersecurity, digital banking, treasury, compliance, legal and regulatory affairs, environmental and social risks, and emerging financial sector developments.

Recognizing the increasing complexity of banking operations and regulatory expectations, this Policy provides a framework for the need-based engagement of external domain experts by Committees of the Board of the Bank to assist them in discharging their fiduciary, oversight, and governance responsibilities.

The Policy is aligned with the governance expectations prescribed by the Reserve Bank of India (RBI), applicable statutory provisions, and internal governance standards of the Bank.

2. Objective

The objectives of this Policy are to:

a) Facilitate informed and effective decision-making by Committees of the Board of the Bank through access to specialized expertise.
b) Strengthen Board oversight over key risk, audit, compliance, technology, governance, and strategic matters.
c) Ensure independent, objective, and professional advice is available to Board Committees when required.
d) Establish a transparent framework governing the engagement, participation, confidentiality, and accountability of external experts.

3. Regulatory and Governance Framework

This Policy shall be guided by:

Applicable provisions of the Banking Regulation Act, 1949.

a) RBI Directions on Corporate Governance for Bank.
b) RBI Master Directions and Circulars relating to Risk Management, Internal Audit, Compliance, Information Technology Governance, Cyber Security, Outsourcing, and Board Governance.
c) Applicable provisions of the Companies Act, 2013.
d) SEBI (LODR) Regulations, wherever applicable as Bank also a Regulated Entity under it.
e) Bank's Board-approved Corporate Governance Framework and Committee Charters.

In case of any conflict between this Policy, regulatory requirements, and of the legal requirements legal requirements shall prevail.

4. Scope

This Policy shall apply to all Board-level Committees including:

4.1 Audit Committee of the Board (ACB)

Expert may be engaged for:

- Financial reporting matters.
- Accounting standards.
- Internal audit and concurrent audit reviews.
- Fraud risk management.
- Forensic investigations.
- Regulatory inspection observations.
- Internal Financial Controls (IFC).
- Expected Credit Loss (ECL) frameworks and provisioning methodologies.

4.2 Risk Management Committee of the Board (RMCB)

Experts may be engaged for:

- Credit risk.
- Market risk.
- Liquidity risk.
- Operational risk.
- Climate and ESG risk.
- Stress testing frameworks.
- ICAAP and risk appetite framework reviews.
- Model validation exercises.

4.3 IT Strategy / IT Governance Committee

Experts may be engaged for:

- Cybersecurity.
- Digital transformation.
- Digital Infrastructure
- IT Infrastructure
- Data Confidentiality
- Artificial Intelligence.
- Information Security.
- Cloud computing.
- Data governance.
- Technology architecture.
- IT regulatory compliance.
- Digital governance

4.4 Nomination, Remuneration and Governance Committee

Experts may be engaged for:

- Board effectiveness reviews.
- Succession planning.
- Compensation benchmarking.
- Governance practices.
- Regulatory fit-and-proper assessments.

4.5 Other Board Committees

Any Board Committee may engage experts based on specific agenda requirements and approval mechanisms specified herein.

5. Guiding Principles

The engagement of external experts shall be based on the following principles:

5.1 Need-Based Engagement

External experts shall be engaged only where specialized expertise is required and cannot reasonably be provided internally with the approval of Competent Authority.

5.2 Preservation of Board Accountability

Engagement of experts shall not dilute the collective responsibility of the Board or its Committees.

5.3 Independence

The expert should be independent and free from material conflicts of interest.

5.4 Proportionality

The extent and cost of engagement should be commensurate with the significance and complexity of the matter and as per market trend.

5.5 Confidentiality

Confidential information shall be shared strictly on a need-to-know basis.

6. Circumstances Warranting Engagement

External experts may be engaged under the following circumstances:

a) Review of complex regulatory developments.
b) Significant audit observations, supervisory findings, or inspection observations.
c) Material fraud incidents or forensic reviews.
d) Cybersecurity incidents or technology transformation programs.
e) Independent validation of risk models and frameworks.
f) Specialized legal, accounting, valuation, treasury, or compliance matters.
g) Emerging risks not adequately covered by existing internal expertise.
h) Strategic initiatives having material financial, operational, regulatory, or reputational implications.
i) For better governance.

7. Role definition of expert participation

Experts are invitees to the committee, provide advisory inputs only, have no voting rights, and other provisions available to members of the committee.

8. Confidentiality, conflict-of-interest, and information safeguards

8.1 Confidentiality and Information Security

External experts shall:

a) Execute a Non-Disclosure Agreement.
b) Comply with the Bank's Information Security Policy.
c) Adhere to RBI requirements relating to data security and customer information confidentiality.
d) Ensure secure handling, storage, transmission, and disposal of information.

No customer-specific confidential information shall be disclosed unless essential for the assignment and duly authorized.

8.2 Conflict of Interest Framework

Prior to engagement, every expert shall submit:

- Declaration of Independence.
- Conflict of Interest Declaration.
- Confidentiality Undertaking.

The Board Secretary shall evaluate any disclosed conflict and determine the suitability of engagement.

9. Onboarding, renewal, termination / de-empanelment of experts

9.1 Eligibility Criteria

An external expert shall:

a) Possess relevant educational qualifications and professional certifications.
b) Have demonstrated expertise and experience in the relevant domain.
c) Maintain a satisfactory professional reputation and track record.
d) Not have any conflict that may impair independence.
e) Comply with confidentiality and regulatory requirements applicable to the Bank.

9.2 Approval Mechanism

9.2.1 Engagement for Committee Meetings

The Board shall be approving authority for engagement of an external expert such as :

- For Long-term advisory arrangements in specialized areas like IT, CISO, Taxation matters etc.
- To advise on compliance litigation, regulatory changes, investigations or governance issues.
- To asses strategic, operational, financial, cyber or enterprise risks.
- If the committee requires an unbiased expert opinion before making a recommendation to the Board.

9.2.2 Mode of Engagement

External experts may be engaged through any of the following modes:

a) Attendance at a specific Committee meeting.

b) Participation in part of a meeting relating to a specific agenda item.
c) Presentation of expert opinions, reports, or assessments.
d) Advisory engagement for a defined assignment.
e) Virtual participation through approved communication platforms.

9.2.3 Rights and Responsibility of External Experts

The role of external experts shall be advisory in nature.
External experts may:

- Present technical analyses and recommendations.
- Clarify complex issues raised by Committee members.
- Share industry practices and benchmarking information.
- Respond to queries from Committee members.

External experts shall not:

- Participate in decision-making.
- Exercise voting rights.
- Influence Committee resolutions beyond providing professional advice.
- Access information unrelated to their engagement.

9.3 Remuneration

- It is proposed that the remuneration to be paid to each expert will be on per-meeting basis will be decided by the Board which would be commensurate with experience and scope of responsibilities.
- In case of in-person meetings, separate out of pocket expenses such as Travel Allowance (TA), accommodation etc. will be borne by the Bank as per the eligibility of Scale VIII.

9.4 Renewal of the contract of external expertise

The Respective Committee/Board may review the effectiveness and value derived from the engagement of external experts and determine the need for future engagements after a period of one year from engagement.

9.5 termination / de-empanelment of experts

The engagement of an external expert may be terminated at any time by the Bank upon the occurrence of any of the following circumstances:

a) Completion of the assignment or achievement of the intended objective.
b) Expiry of the approved engagement period without renewal.
c) Unsatisfactory performance or failure to deliver the agreed scope of work.
d) Provision of inaccurate, misleading, incomplete, or unreliable advice, reports, or information.

e) Breach of confidentiality, non-disclosure obligations, information security requirements, or data protection obligations.
f) Adverse findings by any regulatory, judicial, quasi-judicial, professional, or disciplinary authority.
g) Any action that may adversely impact the reputation, governance standards, regulatory standing, or interests of the Bank.
h) Non-compliance with applicable laws, regulations, RBI guidelines, contractual obligations, or internal policies of the Bank.
i) Any other reason deemed appropriate by the concerned Board Committee or the Board in the interest of sound governance.

De-Empanelment of Experts

An external expert may be de-empanelled and removed from the approved panel of experts maintained by the Bank under any of the following circumstances:

a) Occurrence of any of the grounds specified under termination Clauses as mentioned above.
b) Consistent unsatisfactory performance across assignments.
c) Failure to maintain independence and objectivity.
d) Repeated non-availability or inability to provide services when required.
e) Material deterioration in professional standing, competence, or reputation.
f) Blacklisting, suspension, prohibition, or adverse action by any regulator, government authority, professional body, or law enforcement agency.
g) Any conduct considered detrimental to the interests, reputation, or governance standards of the Bank.

Approval Authority for De-Empanelment

- MD & CEO shall be the De-empanelment authority for external experts.
- In cases involving regulatory, legal, ethical, or reputational concerns, the matter may be placed before the Board for information or ratification, as considered appropriate.

10. Provision for leveraging third-party provider to source / empanel experts

The Bank may, where considered appropriate, engage specialized third-party service providers, professional institutions, industry bodies, search firms, advisory firms, knowledge networks, or expert aggregator platforms for identifying, evaluating, sourcing, and empanelling external domain experts to support the functioning of Board Committees.

The use of such third-party providers shall be intended to broaden access to specialized expertise and shall not diminish the Bank's responsibility for assessing the suitability, independence, and competence of experts engaged for Board Committee matters.

10.1 Scope of services

- Identify and recommend experts possessing requisite qualifications and experience.
- Conduct preliminary screening and credential verification.
- Maintain a pool or panel of experts across identified domains.
- Facilitate engagement logistics and contractual arrangements.
- Provide periodic updates regarding expert availability and emerging domain expertise requirements.
- Assist in obtaining declarations relating to independence, conflicts of interest, and confidentiality.

10.2 Due Diligence of Third-Party Providers

Prior to engagement, the Bank shall undertake appropriate due diligence of the third-party provider covering, inter alia:

a) Reputation and market standing.
b) Experience in sourcing domain experts.
c) Governance and control framework.
d) Independence and conflict management processes.
e) Data protection and confidentiality controls.
f) Regulatory and legal compliance record.
g) Financial soundness and operational capability.

Notwithstanding any recommendation made by a third-party provider, the final decision regarding empanelment or engagement of an expert shall rest solely with the Bank.

10.3 Confidentiality and Information Security

Third-party providers shall execute appropriate confidentiality and non-disclosure agreements with the Bank.

No confidential, customer-specific, supervisory, inspection-related, or proprietary information shall be shared with the third-party provider except to the extent necessary for sourcing and evaluating experts and subject to applicable information security requirements.

10.4 Conflict of Interest

The third-party provider shall disclose any actual, potential, or perceived conflict of interest relating to:

- The Bank;
- Members of the Board or Committees.
- Proposed experts;
- Competing institutions; or
- Matters under consideration.

The Bank reserves the right to reject any proposed expert or discontinue engagement with the provider where a conflict may impair independence or objectivity.

11. Recording in Committee Minutes

The Committee minutes shall record:

- Name and designation of the external expert.
- Agenda item(s) for which the expert was invited.
- Key observations or inputs provided.
- Time of entry and exit, where participation is limited to specific agenda items.

The minutes shall clearly indicate that the expert's role was advisory and that decisions were taken solely by Committee members.

12. Reporting to the Board

The Chairperson of the Committee may report significant expert recommendations and Committee deliberations thereon to the Board as part of regular Committee reporting.

13. Annual Review and Disclosure

The Company Secretary / Board Secretariat shall maintain a register of:

- Experts engaged.
- Purpose of engagement.
- Duration of engagement.
- Fees paid.
- Independence declarations.

An annual summary may be placed before the Board Governance Committee, NRC, or Board, as appropriate, for governance oversight.

A SOP shall be formulated to periodically assess and refresh the list of required experts based on emerging business, risk, regulatory, and strategic priorities (e.g., AI, ESG, cybersecurity, etc.).

14. Review of Policy

This Policy shall be reviewed annually or earlier in the event of:

- Changes in RBI regulations.
- Changes in governance standards.
- Significant organizational restructuring.

15. Effective Date

This Policy shall become effective upon approval by the Board and shall remain in force until amended or withdrawn.

References:

1. The Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970.
2. The Nationalised Banks (Management & Miscellaneous Provisions) Scheme, 1970 and amendments thereof.
3. Union Bank of India (Shares & Meetings) Regulations, 1998.
4. Guidelines on Corporate Governance Principles for Bank issued by Basel Committee on Banking Supervision.
5. SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and amendments thereof.
6. Master Circular on the SEBI (LODR) Regulations dated 11th July,2026.
7. The Banking Regulation Act, 1949.
8. Notifications/Circular issued by RBI/MoF/SEBI.
9. Secretarial Standards issued by Institute of Company Secretaries of India (ICSI).
10. Ganguly Group recommendation as mandated by RBI since 2002.
11. P J Nayak committee recommendation as mandated by RBI since 2014.
12. Various Accounting Standards issued by Institute of Chartered Accountants of India.
13. National Financial Reporting Authority guidelines.
14. The Companies Act 2013 and rules made there under to the extend mandated and referred to.