

Board Diversity **Policy**



***Investor Relations Cell
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Karur***

Investor Relations Cell

Board Diversity Policy

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Board Diversity Policy

KVB recognizes and embraces the importance of a diverse Board in its success. A truly diverse Board leverage differences in thought, perspective, knowledge, skill, industry experience, gender, age and background which will ensure and retains its competitive advantage.

KVB believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives including: drive in the business results, make corporate governance more effective, enhancement in quality and responsibility of decision making capability and ensuring sustainable development.

Purpose & Regulatory position

This Board Diversity Policy (Policy) sets out the approach to ensure adequate diversity of its Board of Directors of The Karur Vysya Bank Ltd (KVB).

This policy is framed by the Bank pursuant to Regulation 19 (4) read with Part D: role of Nomination and Remuneration Committee of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Section 10A(2)(a) of the Banking Regulation Act, 1949 prescribes requirement of special knowledge or practical experience to Board of Directors.

The Board shall have an optimum combination of executive, non-executive and independent directors including woman independent director in accordance with requirements of the Companies Act, 2013, Articles of Association of the Bank, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949, RBI guidelines issued from time to time and other statutory, regulatory obligations of the Bank.

This Policy should be read with the Policy on Appointment and Succession Planning for Directors, as amended by the Board of Directors of the Bank, from time to time.

Board Diversity

Bank seeks to maintain a Board with diverse mix of expertise, experience, skills and background. The skills and background collectively represented on the Board should reflect the diverse nature of the business environment

in which the Bank operates. For purposes of Board composition, diversity includes, but is not limited to, age, gender, independence, ethnicity, educational and functional background, industry experience and geography.

- **Age**

The minimum age criteria in terms of RBI guidelines for appointment of Directors on the Board shall be 35 years.

In case of Non-Executive Directors (NEDs), The Upper age limit, including the Chair of the board, shall be 75 years and after the age of 75 years no person can continue in these positions.

The upper age limit for MD & CEO and WTDs shall be 70 years or such other lower age as prescribed by the Board of the Bank.

- **Gender**

Bank believes in gender diversity and shall not discriminate on the basis of gender in the matter of appointment of directors on the Board. As per the provisions of the Companies Act, 2013 & SEBI LODR, the Company shall at all times have at least one woman director on the Board. Any vacancy of the woman director shall be filled at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later.

- **Educational qualification**

The minimum education qualification in terms of RBI guidelines for appointment of director shall be graduation.

- **Skill Set**

With a need to make Boards of Banks more contemporarily professional by inducting technical and specially qualified personnel, Banking Regulation Act, 1949 prescribed the requirement of special knowledge composition in the Board of the banks.

Section 10A (2) states that, Not less than fifty-one per cent, of the total number of members of the Board of Directors shall consist of persons, who:

- a) shall have special knowledge or practical experience in respect of one or more of the following matters, namely:- (i) accountancy, (ii) agriculture and rural economy, (iii) banking, (iv) co-operation, (v) economics, (vi) finance, (vii) law, (viii) small-scale industry, (ix) Information Technology (x) Payment & Settlement Systems (xi) Human

Resources (xii) Risk Management and (xiii) Business Management (xiv) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company.

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

- b) Shall not – (1) have substantial interest in, or be connected with, whether as employee, manager or Managing agent,- (i) any company, not being a company registered under section 8 of the Companies Act, 2013, or (ii) any firm, which carries on any trade, commerce or industry and which, in either case, is not a small-scale industrial concern, or (2) be proprietors of any trading, commercial or industrial concern, not being a small-scale industrial concern.

While electing / co-opting directors to the board considering the context of banking becoming more complex and competitive, efforts shall be aimed at bringing about a blend of 'historical skills' set, i.e. regulation based representation of sectors like agriculture, SSI, cooperation etc. and the 'new skills' set, i.e. need based representation of skills such as, marketing, technology and systems, risk management, strategic planning, treasury operations, credit recovery, etc. Further in the backdrop of innovations in banking and technology the fields of specialization i.e., Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management, would also be considered for Board appointments.

- **Executive & Non- Executive**

In terms of SEBI LODR, Board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent of the board of directors shall comprise of non-executive directors

In terms of RBI Circular dated October 25, 2023, Banks shall have at least two Whole Time Directors (WTDs) (Executive Director), including MD&CEO, on the Boards of Banks.

- **Independence**

Appointment of Independent Directors shall be in term of the requirements of Companies Act, 2013 & SEBI LODR.

In terms of SEBI LODR, where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.

Further where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

In terms of RBI circular dated April 26, 2021, the Chair of the board shall be an independent director. In the absence of the Chair of the board, the meetings of the board shall be chaired by an independent director. The quorum for the board meetings shall be one-third of the total strength of the board or three directors, whichever is higher. At least half of the directors attending the meetings of the board shall be independent directors.

NRC shall take into consideration any other aspect that may be necessary to consider.

Policy Implementation

The Nomination and Remuneration Committee (NRC) is responsible for reviewing and assessing the composition as well as identifying appropriately qualified persons to occupy Board positions as per the recommendations of the Board.

NRC shall assess the appropriate mix of diversity, skills, experience and expertise required on the Board. NRC shall make recommendations to the Board in relation to appointment, removal and maintain an appropriate mix of diversity, skills, experience on the Board and periodically review and report to the Board if any, in relation to diversity on the Board.

While evaluating candidates, the NRC shall also consider the qualifications and skill sets of the existing Non-Executive Directors, to ensure an overall diversity in the skill sets of Board as a whole, keeping in mind the current business operations, future growth, diversification plans and also the need to fill in the competency gaps, if any.

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; and
- c) consider the time commitments of the candidates

Review

The Committee will review this policy as and when required and recommend to the Board appropriate amendments to the Policy.
