

## **INDUSIND BANK LIMITED**

### **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS OF THE BANK**

#### **1. Introduction:**

IndusInd Bank Limited (the Bank) is a Banking Company regulated by Reserve Bank of India (RBI), the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI).

The Board of Directors are at the helm of the Bank, and an enlightened Board creates a culture of leadership and provides a long-term policy approach to enhance the quality of governance.

This Policy for Selection and Appointment of Directors (the Policy) shall act as a guideline for determining the qualifications, positive attributes, independence of Directors, and matters relating to the appointment and removal of Directors.

The Policy has been framed in terms of the provisions of Section 178 of the Companies Act, 2013 (Act), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), Section 10A of the Banking Regulation Act, 1949 (BR Act) and the Guidelines issued by the RBI, in this regard from time to time.

#### **2. Scope and purpose:**

The Policy sets out the guiding principles for identifying persons who are qualified to become Directors, to determine the independence of Directors in case of appointment of Independent Directors and manner of selection and appointment/reappointment of Directors.

#### **3. Terms and References:**

In this Policy, the following terms shall have the following meanings:

1. “Director” means a Director appointed to the Board of the Bank.
2. “Compensation & Nomination & Remuneration Committee” means a Committee constituted by the Bank’s Board in accordance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI LODR, as amended from time to time.
3. “Independent Director” means a Director appointed who continues to meet the criteria specified in Section 149 (6) of the Act and Regulation 16(1)(b) of SEBI LODR, as amended from time to time.

#### **4. Qualifications and criteria for appointment and selection:**

1. The Bank shall establish the veracity of the information submitted by the directors in the forms/ declarations/ undertakings under the extant norms, on a best efforts basis, with generally available information. Whilst the Bank is within its rights to rely on the information provided by the director, it shall establish the veracity of the same with information already available on the websites of statutory/ regulatory authorities and other domains, relied upon for such diligence.

Special emphasis shall be on affirming whether the director meets the fit and proper norms as prescribed by the RBI and the criteria for independence, as prescribed under the Companies Act, 2013 and the SEBI LODR Regulations. Care shall also be taken to ensure that the provisions relating to skill sets under Section 10-A 2(a) and relating to substantial interest under Section 10-A 2(b) and loans and advances under Section 20 of the Banking Regulation Act, 1949 and Directions/ Guidelines issued thereunder, are also met.

In case of outcome of such diligence is adverse, the Company Secretary shall promptly notify the MD & CEO and the Chief Operating Officer of the Bank and seek guidance on the future course of action.

The Company Secretary shall state the outcome of such diligence in the memorandum placed before the C & NRC/ Board of the Bank.

2. The Compensation & Nomination & Remuneration Committee (C & NRC) and the Board shall annually review the skills, expertise, competencies, knowledge and experience required in the Board and its Committees.
3. The objective is to have a Board with members of diverse backgrounds and experience, relevant for the Bank's operations and in accordance with the Board Diversity Policy of the Bank.
4. In evaluating the suitability of individual Board members, the C&NRC may take into account factors such as:
  - a. General understanding of the Bank's business dynamics, business and social perspectives;
  - b. Educational and professional background;
  - c. Skills, expertise and competences in terms of Section 10A (2) (a) of the Banking Regulations Act, 1949.
  - d. Standing in the profession;
  - e. Personal and professional ethics, integrity and values;
  - f. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively;
  - g. Mix of Executive, Non-Executive and Independent Directors;
  - h. Optimum size of the Board;
  - i. Age and Gender Diversity, etc.

5. For every appointment of an independent director, the C&NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.
6. 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 for the said post, 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.
7. The proposed appointee shall also fulfill the following requirements:
  - a. He / She shall possess a Director Identification Number (DIN) or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
  - b. He / She should not have been disqualified under the Act or pursuant to any Order of Securities and Exchange Board of India or any other such Authority;
  - c. He / She shall fulfill the fit and proper criteria stipulated by the Reserve Bank of India;
  - d. He / She shall fulfill the age criteria as may be stipulated under the Act, SEBI LODR and by the Reserve Bank of India.
  - e. He / She shall give written Consent to act as a Director;
  - f. He / She if identified to be appointed as Independent Director, shall fulfil the criteria of Independence stipulated under the Act, SEBI LODR or any other applicable laws, as amended from time to time;
  - g. He / She shall affirm to abide by the Code of Conduct established by the Bank for Directors.
  - h. He / She shall disclose concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including shareholding in the first meeting of the Board in which he/she participates as a Director, and thereafter at the first meeting of the Board in every financial year, and whenever there is a change in the disclosures last made;
  - i. He / She shall ensure that his/her appointment in the Bank and any other company does not raise concerns of conflict of interest, and if such an event is triggered, he / she shall at the earliest inform the Board and recuse from participating in discussions and voting on such matters;
  - j. He / She shall register his / her name for inclusion in the Databank maintained by Indian Institute of Corporate Affairs with IICA, Manesar and have passed the online self-assessment test as prescribed under the Act, in case of appointment as Independent Directors
  - k. He / She shall submit the Fit and Proper declaration in the format prescribed by RBI and all necessary declaration(s) and disclosure(s) as required under the Act, SEBI LODR and other laws, within the prescribed time frame for review by the C&NRC and the Board.
  - l. Such other requirements as may be prescribed from time to time under the applicable laws.

8. Based on the information stated in the aforesaid declarations/ confirmations and due-diligence, if the C & NRC is satisfied that the candidate(s) are eligible and fit for being appointed as Director, it shall recommend to the Board its acceptance and the terms of appointment in accordance with the applicable regulations.
9. The Board may basis the recommendation of the C & NRC and upon its own satisfaction, approve the appointment of new Director, subject to approval of the Shareholders. The Board if not satisfied with such candidate(s) shall direct the C & NRC to scout for fresh candidate (s).
10. The aforementioned process for appointment of Directors shall also be followed in case of re-appointment of Directors. The re-appointment of existing Independent Director shall be subject to the outcome of his/her Performance Evaluation.
11. The Bank shall issue a formal letter of appointment (letter) to the person appointed/reappointed as a Non-Executive Director of the Bank at the time of appointment/re-appointment made by the Board and the Shareholders. The letter to be issued to Independent Director shall set out the matters as specified in Schedule IV of the Companies Act, 2013 and uploaded on the website of the Bank.
12. The Board shall ensure that a Deed of Covenants, as required under the Fit and Proper Criteria requirements prescribed by the RBI, is executed with the Director (s) at the time of his/her appointment/reappointment.
13. The Independent Directors shall also abide by the “Code for Independent Directors” formulated/ adopted by the Bank.
14. The Bank shall on an annual basis obtain the following declarations reflecting the position as on 31st March of the previous financial year from the existing Directors:
  - a. Fit and Proper Declaration in the format prescribed by the RBI or a confirmation that there is no change to the information last furnished;
  - b. Confirmation on Deed of Covenant earlier executed;
  - c. Confirmation from Independent Directors on fulfilment of criteria of Independence laid down under the said laws.
  - d. Any other declaration as may be prescribed under the applicable laws, from time to time.

The said declarations as furnished by the C & NRC shall be scrutinized by the Board excluding the members of the C & NRC and the C & NRC shall scrutinize for the Directors other than members of the C & NRC. Based on the declaration/disclosures/confirmation received from the Directors, the C & NRC/ Board shall decide upon the continuation of fulfilment of fit and proper criteria by the Directors and other requirements under applicable regulations.

During the financial year, in the event of any change in the status last disclosed, the concerned Director shall promptly inform such change to the Bank and the revised status be reviewed by the C & NRC/Board, in the manner, as aforesaid.

15. The C & NRC shall specify the manner for effective evaluation of performance of the:

- Board as a whole,
- Independent Directors and Non-Independent Directors;
- Committees of the Board;
- Chairperson of the Board; and
- Managing Director

to be carried out either by the Board, by the NRC or by the Independent Directors or by independent agency and review its implementation and compliance in alignment with the objectives of the Bank.

Any Director appointed during the financial year for which performance review/ evaluation exercise of the Board of Directors is being conducted, must have attended at least 3 (three) Board Meetings convened and held during that financial year, in order for him to participate in such review/evaluation exercise.

**5. Other Directorships / Committee memberships:**

- a. Board members are expected to have requisite expertise and experience to contribute to effective Board performance.
- b. The C & NRC shall take into account the nature of Director's service on other Boards in evaluating the suitability of the candidate and making its recommendations to the Board.
- c. A Director shall serve as Director / Independent Director in such number of companies as may be prescribed under the Act, SEBI LODR, and other relevant laws.
- d. Similarly, a Director shall not be a member or act as Chairman of Committees in excess of the number of companies prescribed under the Act, Listing Regulations, and other relevant laws.

**6. Appointment of Non-executive Chairman /Managing Director/Executive Director:**

- a. The Bank shall appoint one of its Directors as the Non-Executive (Part-time) Chairperson of the Board
- b. The C & NRC shall take into account the special knowledge / experience as prescribed under applicable regulations, while determining the suitability of a candidate for the position of Chairman / Managing Director/ Executive Director of the Bank.
- c. The candidate for the said post shall fulfill 'fit & proper' criteria as prescribed under the RBI Guidelines, in addition to fulfilling the conditions stipulated under the Act and SEBI LODR.
- d. Appointment and Reappointment of Chairman/ Managing Director/ Executive Director shall be with prior approval of the Reserve Bank of India and subject to such conditions as may be specified by the Reserve Bank of India.

- e. The Executive Chairman/Managing Director/Executive Director shall abide by the Code of Conduct of the Bank and shall be a person of integrity and good professional standing.
- f. The C & NRC may engage external specialized agencies to identify persons of repute with requisite experience and special knowledge for the said post.

**7. Remuneration:**

- a. The C & NRC shall ensure that the remuneration paid to Directors is in line with industry standards to attract and retain individuals possessing special knowledge / experience.
- b. The Board may, decide on compensation to Non-Executive Directors (other than the Part-time Chairman) in accordance with the applicable regulations and Policy on Remuneration to Non-Executive Directors, and subject to approval of the Board and the Shareholders.
- c. The remuneration of Executive Directors and Part time Chairman shall be in accordance with their respective terms and conditions of the appointment as may be approved by the Board of Directors, the prior approval of Reserve Bank of India and the Shareholders.

**8. Tenure**

- a. The total tenure of a Non-Executive Director on the Board of the Bank, continuously or otherwise, shall not exceed 8 years as may be approved by the Board (based on the recommendation of the C&N&RC) and subject to the approval of the Shareholders of the Bank.
- b. On completion of the tenure of 8 years on the Board of the Bank, the Non-Executive Director may be considered for re-appointment as a Non-Executive Director of the Bank, after a minimum gap of 3 years.
- c. The upper age limit for NEDs, including the Chair of the Board, shall be 75 years, after which, no person shall continue in these positions. The Director shall step down from his office upon attaining the age of 75 years.
- d. The total tenure of a Chairman and Executive Director on the Board of the Bank shall be in accordance with the approval of the Board (based on the recommendation of the C&N&RC), RBI and Shareholders of the Bank.

**9. Review & Approval:**

The Policy shall be reviewed once in three years or in case of change in regulations, whichever is earlier.

The Policy shall accordingly be due for review on March 31, 2026.