



CODE FOR INDEPENDENT DIRECTORS

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.
- (10) disclose to the board other directorships, memberships of bodies, interest in other entities, activities and keep the board apprised of all changes therein.
- (11) disclose to the board the nature of interest, direct or indirect, in a contract or arrangement or any proposed contract or arrangement to be entered between the bank and any other person.
- (12) intimate any interest in advance to the chair of the board/committee of the board;
- (13) provide the list of relatives as defined in the Companies Act, 2013 and rule 4 of the Companies (specification of definition) rules, 2014
- (14) not seek to influence any decision of the board for any consideration other than in the interests of the bank;
- (15) not to evade responsibility about matters entrusted by the board
- (16) not involve in any matter relating to personnel administration whether it is appointment, transfer, posting or a promotion or redressal of individual grievances of any employee
- (17) not interfere in the WTDs and other management functionaries performance of duties;
- (18) not interfere in the day-to-day functioning of the bank

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) use such degree of skill as may be reasonable to expect from a person with the same knowledge or experience as well as a board level position;

- (4) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (5) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (6) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (7) balance the conflicting interest of the stakeholders;
- (8) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (9) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall-

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.
- (14) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

- (15) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (16) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (17) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (18) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (19) A director of a company shall not assign his office and any assignment so made shall be void.
- (20) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

IV. Pursuant to the RBI- Report-Consultative Group of Directors of Banks/Financial Institutions (Dr. Ganguly Group) dated June 20, 2002 Roles and Responsibilities of the Board of Directors should include:

- overseeing the risk profile of the bank,
- monitoring the integrity of its business and control mechanisms,
- ensuring the expert management, and maximizing the interests of its stakeholders.

The report specifies that Role and responsibility of independent and non-executive directors should include the following:

- Inducting and sustaining a pro-active governance framework in banks.
