



IDFC FIRST Bank Limited

Corporate Governance & Board Diversity Policy

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EXTRACT OF ORPORATE GOVERNANCE & BOARD DIVERSITY POLICY

Board Diversity including Skills/ Expertise/ Competence of Board of Directors:

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, experience, competence and diversity of perspectives thereby ensuring effective Board governance. The Board ensures Board diversity, so as to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The Bank considers diversity in skills, regional and industry experience, expertise and educational background whilst determining the composition of its Board. The Bank also considers the principles relating to fit and proper norms as prescribed by the RBI and confirms that each Director is also in compliance with the norms as prescribed by the Ministry of Corporate Affairs and SEBI under applicable laws, whilst determining the composition of its Board.

IDFC FIRST Bank, being a Banking Company, is regulated by the provisions of Banking Regulation, Listing Regulations and the Companies Act. In terms of Section 10A(2)(a) of the Banking Regulation Act, read with RBI notification no. DBR. Appt. BC. No.38/29.39.001/2016-17 dated November 24, 2016, requires that not less than 51% of the total number of members of the Board of a Banking Company shall consist of persons, who 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, (xiii) Business Management, (xiv) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the RBI, be useful to the Banking Company.

The Board of the Bank is guided by the above provisions and the business requirements, during appointment/ re-appointment of any Director on the Board of the Bank. The Bank has identified most of the above skills/ expertise/ competencies as required to be possessed by the Board of the Bank, to function effectively in the context of businesses and the sectors in which Bank deals

The Bank shall also comply with the requirements of the Banking Regulation with respect to competence of the Board of Directors. All Board appointments shall be done on merit, in the context of skills as required for the areas of the Bank's business operations, management and such other areas as may be required for achieving the objective of the Bank.

The Board will review and evaluate its composition to ensure that both the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, the Board will take into account diversity, including diversity of gender, amongst other relevant factors. The Board will satisfy itself that plans are in place for orderly succession of appointments to the Board so as to ensure continual refreshing of the Board.

In terms of Listing Regulations, Banking Regulation and other applicable laws, the Bank sets out the approach to have diversity on the Board of the Bank. The Nomination & Remuneration Committee ('NRC') is responsible for leading the process of identifying as well as nominating suitable candidates with a focus on diversity in terms of thoughts, varied experience, industry knowledge, broader perspective, integrity and gender on the Board, during their appointment on the Board in terms of the SEBI Listing Regulations, the Banking Regulation, RBI Circulars, Companies Act other laws, rules and regulations applicable to the Bank

The importance of a diverse Board helps in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organization and business as a whole. This Policy helps to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business.

The Bank believes that a diverse Board will amongst others:

- ☐ Enhance the quality of decisions making and ensure better business performance.
- ☐ Encourage diversity of perspectives thereby fueling creativity and innovation.
- ☐ Complement and expand the skills, knowledge and experience of the Board as a Whole.
- ☐ Provide better Corporate Governance.

All appointments to the Board (as recommended by the Nomination and Remuneration Committee) will be made on merit while taking into account suitability for the role, composition of Board, its balance of skills, knowledge and experience on the Board. The required mix of diversity ensure that the candidates have the highest levels of personal and professional ethics and integrity, appropriate skills, knowledge, experience and expertise in one or more fields as prescribed under the Banking Regulation and circular/ guidelines/ notifications issued by RBI from time to time (including consideration of diversity and ethnicity). Other relevant matters will also be taken into account, such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors.

While evaluating candidates, the NRC shall also consider the qualifications and skill sets of the existing 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. The Board will consider suitably qualified candidates for Executive, Non-Executive and Independent Director roles whose skills and experience will add value to the Board.

The Bank believes in gender diversity. The Bank, under the provisions of the Companies Act, 2013, Rules made there under and the Listing Regulations would have adequate number of woman director on its Board including woman independent director.