



NOMINATION POLICY

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1. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 (**“Act”**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR”**) the Board of Directors of every listed company and such other class or classes of companies as may be prescribed in the Act/SEBI LODR shall frame a policy relating to the nomination, appointment and removal of the directors, key managerial personnel and senior management (**“Policy”**). This Policy has been formulated by the Nomination & Remuneration Committee and approved by the Board of Directors (**“Board”**) of CSB Bank Limited (**“Bank”**). This Policy is in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules and regulations thereto and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR”**).

The salient features of this Policy and the web address of this Policy shall be disclosed in the Board’s report.

2. DEFINITIONS

“Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“SEBI LODR” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“B R Act” means the Banking Regulation Act, 1949.

“Policy” means this policy relating to the nomination, appointment and removal of directors, key managerial personnel and senior management.

“Board” means Board of Directors of the Bank.

“Independent Director” means a Director of the Bank who is appointed as an independent director in terms of Section 149 the Companies Act, 2013 and the rules framed thereunder and Regulation 16 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Bank” means the CSB Bank Limited.

“NRC Committee” means the Nomination & Remuneration Committee of the Board.

“Directors” mean Directors of the Bank.

“Key Managerial Personnel” means:

- i. Managing Director, or Chief Executive Officer or Manager or Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officers as may be prescribed by the Government or designated by the Bank from time to time.

“Senior Management” shall mean the officers and personnel of the Bank who are members of its core

management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein, but defined in the Act/SEBI LODR as may be amended from time to time, shall have the meaning respectively assigned to them therein.

3. CONSTITUTION OF NOMINATION & REMUNERATION COMMITTEE

The Board shall constitute the NRC Committee consisting of not less than three non-executive directors out of which not less than two-thirds shall be independent directors and shall include at least one member from the Risk Management Committee of the Board. The Chairman of the Committee shall be an Independent Director. The part-time Chairman, Managing Director and Chief Executive Officer of the Bank (whether executive or non-executive) may be appointed as a member of the NRC Committee, but shall not chair the NRC Committee.

The Composition of the NRC Committee is in line with the requirements laid down as per the Act, SEBI LODR and the extant RBI circulars, guidelines etc.

4. OBJECTIVE

The objective of this Policy is to lay down a framework in relation to the nomination, appointment and removal of directors (including Independent directors), Key Managerial Personnel (KMP) and Senior Management Personnel, as per the Act read with applicable Rules and Regulations under the Act, SEBI LODR, the B R Act and the extant RBI guidelines, circulars etc.

5. ROLE OF THE NRC COMMITTEE

- i. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and carry out evaluation of every director's performance.
- ii. To decide 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;
- iii. Undertake the due diligence of candidates before their appointment/re-appointment as directors;
- iv. To formulate the criteria for determining qualifications, positive attributes and independence of a director key managerial personnel and other employees and recommend to the Board aspects relating to the remuneration for the directors, key managerial personnel and other employees.
- v. Devising a policy on diversity of board of directors;
- vi. The NRC Committee, while formulating the Policy as above, shall ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and key managerial personnel of the quality required to run the Bank successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate benchmarks; and
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay, to the extent desirable, reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.
- vii. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management in accordance with the criteria laid down.
- viii. To formulate the criteria/policy for evaluation of performance of board, its committees and individual directors;
- ix. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- x. To develop a succession plan for the Board, key managerial personnel and senior management personnel, and to regularly review the plan.
- xi. The duties of the NRC Committee in relation to nomination matters include:
 - a) Ensuring that there is an appropriate induction process in place for new Directors and members of Senior Management and reviewing its effectiveness;
 - b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
 - c) Identifying and recommending Directors who are to be put forward for retirement by rotation, determining the appropriate size, diversity and composition of the Board;
 - d) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
 - e) Evaluating the performance of the Board members and Senior Management in the context of the Bank's performance from business and compliance perspective;
 - f) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provisions of the law and their service contract;
 - g) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
 - h) Recommend any necessary changes to the Board; and
 - i) Considering any other matters, as may be requested by the Board.
- xii. To oversee the framing, review and implementation of our Bank's overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme etc. with a view to attract, motivate and retain employees and

review compensation levels;

xiii. To implement and administer the CSB Employee Stock Option Schemes;

xiv. To review the compensation structure/policy on a periodical basis;

- a. To approve the overall compensation structure of the new recruitment of the executives at top level management including performance linked incentives, perquisites, stock option scheme etc.; and
- b. To conduct annual review of their performance and to revise their compensation structure in tandem with their performance/ target achieved.

6. APPLICABILITY

This Policy shall apply to

- i. Directors (Executive and Non-Executive);
- ii. Key Managerial Personnel; and
- iii. Senior Management Personnel.

7. POLICY FOR ORDERLY SUCCESSION OF APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

i. Appointment Criteria and Qualifications

- a) Subject to the extant RBI Guidelines as applicable, the provisions of the Act and other relevant rules and Regulations as applicable, SEBI LODR and Board Composition, Policy and Code, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Bank shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of seventy years.
- d) The Bank shall not appoint or re-appoint any person as Non-Executive director or Non-Executive Independent director if he/she has attained the age of seventy five years.
- e) The Bank shall appoint or re-appoint any person as its Part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

ii. Term / Tenure

- a) **Managing Director / Whole-time Director:**

- (1) The Bank shall appoint or re-appoint any person as its part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- (2) Subject to the statutory approvals required from time to time, the post of the MD&CEO or WTD cannot be held by the same incumbent for more than 15 years. Thereafter, the individual will be eligible for re-appointment as MD&CEO or WTD in the same Bank, if considered necessary and desirable by the Board, after a minimum gap of three years, subject to meeting other conditions. During this three-year cooling period, the individual shall not be appointed or associated with the Bank or its group entities in any capacity, either directly or indirectly.
- (3) Any vacancy in the office of the Managing Director/Chief Executive Officer/Whole-time Director, shall be filled by the Bank at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Bank shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

Provided that where the Bank is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the Bank at the earliest and in any case not later than six months from the date of vacancy.

b) Independent Director:

- (1) The appointment and re-appointment of independent directors shall be subject to passing of a special resolution by the Bank and disclosure of such appointment in the Board's report.

Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under Regulation 25(2A) of SEBI LODR:

Provided further that an independent director appointed under the first proviso shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.

- (2) No Non-Executive Independent Director shall hold office continually for more than two consecutive terms on the Board, provided that a single term of appointment shall not exceed five years, and that the total tenure of directorship/appointment shall not exceed eight years altogether, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Bank in any other capacity, either directly or indirectly.
- (3) At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person

is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

- (4) An Independent Director shall not be a non-independent director of another company on the board of which any non-independent director of the Bank is an independent director

c) Non-executive-Non independent director

- The total tenure of a Non-Executive Director, continuously or otherwise, on the Board of a bank, shall not exceed eight years. After completing eight years on the Board of a bank, the person may be considered for re-appointment only after a minimum gap of three years. This will not preclude him/her from being appointed as a director in another bank subject to meeting the requirements.
- The Bank shall not appoint or re-appoint any person as Non-Executive Director if he/she has attained the age of seventy five years.

Section 10A(2A)(i) of the Banking Regulation Act, 1949 prescribes that no director of a banking Company, other than its chairman or whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years.

iii. Procedure

a) Board Level appointment

The NRC Committee, shall apply a due diligence process to determine the suitability of any person internally or from external resources who is being considered for being appointed or re-appointed as a Director of the Bank based on his/her educational qualification, experience & track record, and every such person shall meet the 'fit and proper' criteria, as the Reserve Bank of India may stipulate from time to time and accordingly any appointment or re-appointment of a Director shall be subject to prior approval by NRC Committee.

For every appointment of an independent director, the 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:

- Use the services of an external agencies, if required;
- Consider candidates from a wide range of backgrounds, having due regard to diversity; and
- Consider the time commitments of the candidates.

The Bank has framed criteria for performance evaluation of Independent Directors, Non-executive Directors, the Board and its committees and to ensure adequate diversity in the Board to make good use of the varied skills, regional and industry experience, background, gender and other qualities of the Directors.

Adequate attention may be bestowed on the appointment process for director/whole time directors. The Bank should also perform an independent assessment aided/supplemented by internal due diligence/external agencies and institute a robust system and processes to strengthen the appointment/re-appointment process of directors.

b) Sr. Management Level Appointment:

- (1) The HR department of the Bank shall periodically review and consider the list of senior managerial personnel and it shall assess the availability of suitable candidates for the Bank's future growth and development.
- (2) The vacancy arising shall be filled on the basis of recommendation from HR & Managing Director & Chief Executive Officer, either internally or externally keeping in view the talent available in-house along with organization's mission, vision, values and goals.
- (3) Every member of the senior management team shall also endeavour to add capability in-house and mentor officials with potential working under him/her to handle his/her responsibility in his/her absence by exposing him/her to all aspects of work being handled by him/her.
- (4) The recommendation of the HR, Managing Director & Chief Executive Officer shall be placed to the NRC Committee for approval. While making its recommendation, the NRC Committee shall consult with the part-time Chairman, the Managing Director & Chief Executive Officer, as may be relevant and all factors including the available talent within the organization and the need to ensure continuous working and growth of the Bank shall be carefully considered.

iv. Emergency Succession

NRC Committee works with the Board on the leadership succession plan and also prepares contingency plans for succession in case of any exigencies. The Committee is guided by Succession Planning Policy which involve assessing the likely gap in Board/leadership/management, developing the succession planning model, implementation of the plan and continuous evaluation and assessment.

If a Director slot/Senior Management position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process described herein and Succession Planning Policy of the Bank.

v. Evaluation

The Committee shall carry out evaluation of performance of every Director.

vi. Removal

Due to reasons of any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the NRC Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management Personnel, subject to the

provisions and compliance of the said Acts, rules and regulations.

vii. **Retirement**

The Directors, Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Bank. The Board will have the discretion to retain the Director, Key Managerial Personnel and Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Bank subject to compliance of the extant guidelines and regulatory prescriptions.

8. FREQUENCY OF MEETINGS OF THE NRC COMMITTEE

The meetings of the NRC Committee shall be held at such regular intervals as may be required.

9. REVIEW AND AMENDMENT

- i. The NRC Committee may review the Policy as and when it deems necessary.
- ii. The NRC Committee may, if it thinks necessary, issue guidelines, procedures, formats, reporting mechanism or manuals as supplement to this Policy in order to ensure better implementation of this Policy.
- iii. This Policy may be amended or substituted by Board on the recommendation of the NRC Committee as and when required and also on the recommendation of the Compliance Officer where there are any statutory changes necessitating change in the Policy.
