



## **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

---

*This document is for Internal Uses only and may not be reproduced in any forms without the consent of Ujjivan Small Finance Bank Limited*

## **Table of Contents:**

<b>TITLE</b>	<b>PAGE NO.</b>
<b>Preamble</b>	<b>3</b>
<b>Purpose &amp; Objective</b>	<b>4</b>
<b>Initial Familiarisation Programme</b>	<b>5</b>
<b>Continuous Familiarisation Programme</b>	<b>6</b>
<b>Annual Review of the Familiarisation Programme</b>	<b>7</b>
<b>Statutory/Regulatory Disclosures</b>	<b>8</b>

## **Preamble:**

As per Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Listed Entity shall familiarize the independent directors through various programmes about the listed entity, including the following:

- (a) Nature of the industry in which the listed entity operates;
- (b) Business model of the listed entity;
- (c) Roles, rights, responsibilities of independent directors; and
- (d) Any other relevant information.

Regulation 46(2)(i) of Listing Regulations, The Listed Entity shall disclose the details, on the website of the Bank, of familiarization programmes imparted to independent directors including the following details:-

- (i) Number of programmes attended by independent directors (during the year and on a cumulative basis till date)
- (ii) Number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date) and
- (iii) Other relevant details.

## **Purpose & Objective:**

In 2003 the 'Higgs Suggestions for Good Practice' stated that the induction process should aim to achieve three things, and these remain relevant today:

- a. Build an understanding of the nature of the company, its business and the markets in which it operates.
- b. Build a link with the company's people.
- c. Build an understanding of the company's main relationships.

The programme aims to provide insights into the Bank to enable the independent directors to understand their roles, rights, responsibilities in the Bank and get updated on the business and operations of the Bank and contribute significantly to the Bank.

The Bank has formulated this familiarization programme for the Independent Director with the objective of giving insight into:

1. Nature of Business of the Bank and business environment in which it operates
2. Business model of the Bank
3. Organisational structure
4. Structure of Board and Board Committees
5. Role and responsibilities of the Board Committees and Senior Management
6. Delegation of powers to various authorities by the Board,
7. Regulatory Framework applicable to the Bank
8. Strategic Plan including Vision, Mission and Values of the Bank
9. Cyber-safe environment and awareness about fine nuances of the cyber threats
10. Financial and other controls and systems and
11. Economic features of the market and competitive environment

## **Initial Familiarisation Programme:**

An Induction/orientation program for newly inducted independent director shall constitute the following.

1. An Appointment Letter incorporating the role, duties and responsibilities, shall be issued to the new inductee.
2. The newly inducted independent director shall be provided with the induction kit containing following documents:
  - a. Memorandum and Article of Association of the Bank
  - b. Annual Report of the Bank for Last two years
  - c. A brief note on the profile of Bank and profiles of top executives
  - d. Structure of the Board and Board Committees
  - e. Organisation Structure of the Bank with details of all functional designations including designations at the field level.
  - f. Applicable Policies such as Whistle blower policy and Nomination and Remuneration Policy
  - g. Code of Conduct of Board and Senior Management
  - h. Broad aspects for evaluation of performance of Board Members and
  - i. A note on the Bank's vision, core values, ethics, history and milestones, various business function in the Bank, business plan for the year, Regulatory Framework applicable to the Bank, Cyber-safe environment and awareness about fine nuances of the cyber threats, Delegation of powers to various authorities by the Board, Financial and other controls and systems and Economic features of the market and competitive environment.

## **Continuous Familiarisation Programme:**

At various Board Meetings during the year, presentations are made to the Board on Risk Management, Financial & Business performance, Capital Adequacy, ICAAP, Portfolio Quality with areas of improvement, Working Capital Management, Fund Management, changes in Senior Management, BASEL framework, financial inclusion, matters relating to corporate governance, stress testing etc.

Various committee specific presentations as per their terms of reference are also presented in the Committee meetings such as presentation on the cyber security framework in the IT Strategy Committee Meeting, Risk Management Systems and process in Risk Management Committee meeting, matters relating to Customer Services was reviewed and discussed in the Customer Service Committee meetings etc.

Usually the Board and Committee Meetings are held quarterly, where each business head presents the performance of his business. Apart from this the Board and Committee meets on need basis. During the financial year 2019-20, Board met 10 times and 44 times cumulatively in all the Board Committees Meetings.

During the financial year 2019-20, Board members spent approximately 22 hours in the Board Meeting and Cumulative 78.5 hours in Board Committee Meetings.

On a monthly basis an update is shared with the Board on various information which includes financial and business performance, credit risk review, branch expansion, process efficiency, key challenges and opportunities and other highlights for the month for their information and review. Further the minutes of the management committee meetings held during the month are circulated to the Board members for their review.

During the financial year 2019-20, for the new directors appointed apart from providing them with the induction kit, Branch visits was organised for them to familiarise them how the Bank works at the ground level. In the Branch the directors got a chance to interact with the Branch Managers and the customers of the Bank.

During the financial year 2019-20, five of the directors including three independent directors of the Bank had also attended and participated in CERTIFICATION PROGRAMME IN IT AND CYBER SECURITY FOR BOARD MEMBERS conducted by Institute for Development and Research In Banking Technology (Established by Reserve Bank of India).

Management presents the latest circulars and notifications released by regulatory & statutory authorities, including all notifications from CSITE on a quarterly basis to the Board for their review and noting. All circulars and notifications directly applicable to the Bank or circulars that require specific noting & review of the Board are presented by them to the Board/Board Committees.

The Bank shall provide need-based training programmes / seminars/ workshops as may be designed to acquaint its directors with emerging developments/challenges facing the banking sector.

The Bank ensures that the directors are exposed to the latest managerial techniques, technological developments in banks, and financial markets, risk management systems etc. so as to discharge their duties to the best of their abilities.

## **Annual Review of the Familiarisation Programme:**

The Board of the Bank shall review the familiarisation programme on annual basis and may make revisions or changes in the existing programme at any time during the year, if required.

## **Statutory/Regulatory Disclosures:**

In compliance with regulation 46(2) and Schedule V of Listing Regulations the details of this familiarisation programme shall be disclosed on the website of the Bank and link thereof shall be disclosed in the section of Corporate Governance Report of the Annual Report of the Bank.