



# **UNITY SMALL FINANCE BANK LIMITED**

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

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### **Background**

Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, (the “Listing Regulations”) requires Unity Small Finance Bank Limited (“The Bank”) to familiarize Independent Directors with the following:

- (i) Nature of the industry
- (ii) Business Model
- (iii) Roles, rights, responsibilities of independent directors, and
- (iv) Any other relevant information

Further, in 2003 the ‘Higgs Suggestions for Good Practice’ stated that the induction process should aim to achieve three things, and these remains relevant till 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.

In line with above, the Bank has formulated this familiarization programme for the Independent Directors 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

### **Method of Familiarisation**

#### **1. Initial Familiarisation Programme**

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

- 1. An Appointment Letter incorporating the role, responsibilities and duties, 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.

## **2. Continuous Familiarisation Programme:**

The Bank was incorporated in the year 2021 and proposes to take continuous efforts to familiarise its Board on the various developments in the industry.

At the Board Meetings held during the year, presentations are made to the Board on Risk Management, Financial & Business performance, Capital Adequacy, ICAAP, Portfolio Quality with areas of improvement, Liquidity 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 interim High Level Systems Architecture in the IT Strategy Committee Meeting, Risk Management Framework and process in Risk Management Committee meeting, matters relating to Customer Services were reviewed and discussed in the Customer Service Committee meetings, etc.

Usually the Board and its Committee Meetings are held quarterly where business and financial performance is reviewed and discussed. Apart from this the Board and its Committee meets on need basis.

For the new directors inducted in the Board, apart from providing them with the induction kit, sessions were organised for the directors with the Management Team including business heads of the Bank to familiarise them about the various services, products, functions, departments, IT systems and Security, customers base of the Bank. During these sessions the Directors interacted with the Board as well as the management team of the Bank.

Management presents the latest circulars and notifications released by regulatory & statutory authorities, which are directly applicable to the Bank or circulars that require specific noting & review of the Board, 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 familiarization on annual basis and may make revision or changes in the existing programme at any time during the year, if required.

**Statutory/ Regulatory Disclosure:**

In compliance with the regulations 62 and Schedule V of Listing Regulation the details of this familiarization 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 Bank.

**Details of familiarisation programme imparted to Independent Directors from year 2021:**

Name of the Programme	Name of the Director who attended the programme	Number of Programmes attended during	Number of Programmes attended till date (cumulative)	Number of hours spent during	Number of hours spent till date (cumulative)
Initial Familiarization Programme	Subhash Kutte	1	1	1	1
	Basant Seth	1	1	1	1
	Sandip Ghose	1	1	1	1
	Vinod Rai	1	1	1	1
	Renu Basu	1	1	1	1
Strategy Meet Presentation	Subhash Kutte	1	2	4	5
	Basant Seth	1	2	4	5
	Sandip Ghose	1	2	4	5
	Vinod Rai	1	2	4	5
	Renu Basu	1	2	4	5