

FAQs on Governance Related Measures being taken by the bank towards Sustainability (FAQ)

Bank is dedicated to enhancing governance practices by upholding high levels of ethical standards, ensuring transparency, fostering accountability, and complying with regulatory requirements. The Bank has well defined policies and standard operating procedures such as Cyber Security Policy, Whistle Blower Policy and Customer Rights Policy etc.

1. What is the Corporate Governance Philosophy of the Bank?

The Bank believes in enhancing investor and other stakeholders' confidence and setting high standards of transparency, ethical values for improving efficiency and growth of the organization. The Bank is committed to follow best Corporate Governance practices based on transparency, professionalism and accountability.

Our corporate structure, business, operations and disclosure practices have been strictly aligned to the above Corporate Governance Philosophy.

The Bank is a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and is regulated by the Reserve Bank of India. Being a listed entity, the Bank complies with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not violate the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970 and the Guidelines, Directives, etc. issued by the Government of India and the Reserve Bank of India in this regard.

The Board of the Bank strives to optimize value for all stakeholders like shareholders, employees, customers and the society at large.

2. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues?

Sustainability and Resilience Committee (SARC) headed by MD & CEO has been formed for governance of sustainability related activities.

Further, Risk Management Committee (sub-committee of Board) has been assigned sustainability related roles and responsibilities.

3. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same?

Yes, Processes to avoid / manage conflicts of interests involving members of the Board are included in the Model Code of Conduct for all members of the Board. Confirmation with regard to adherence to the Model Code of Conduct is obtained from the Directors at the time of joining and thereafter, on annual basis. The auditor's certificate on Corporate Governance in the Integrated Annual Report reflects the Bank's commitment to ensuring

management accountability and upholding corporate ethics, value and sustainability. The bank publishes corporate governance reports quarterly and ensures Model Code of Conduct is followed by all the board members.

4. What is the responsibilities of Management and those charged with Governance for the Standalone Financial Statements?

The Bank's Board of Directors are responsible with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

5. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a weblink to the policy?

The Bank has a Whistle Blower Policy to check unethical practices, corruption, malpractices, embezzlements, and misappropriation of funds through preventive vigilance measures. It is committed to enhance investor and other stakeholders' confidence and set high standards of transparency, ethical values for improving efficiency and growth of the organization. The objective of having the policy in place is to ensure practices based on transparency, accountability and protect the interest of the bank and adhere to the statutory and regulatory requirements. The policy is present on the website <https://www.pnbindia.in/whistle-blower-policy.html>. Besides this bank also have various other channel through which customers can report instances of corruption and bribery like bank's on-line grievance redressal portal called Centralized Grievance Redressal Monitoring System (CGRMS), contact centers, email at care@pnb.co.in.

6. Which stakeholder groups have been identified as key for your entity and what is the frequency of engagement with each stakeholder group. ?

We have identified the following stakeholder groups as key to our entity and details of engagement with them are provided as under :

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Emails, Newspapers, Letters, Notices, Website, Stock Exchange Disclosures, Webcast/Audio Calls, Investor Conferences, General Meetings	Quarterly, Half yearly, Annually and as and when required.	<p>Engagement with shareholders during General Meetings held for seeking approval for the Audited Financial Results, Declaration of Dividend, Election of Shareholder Director, Raising of Equity Capital. The queries/ concern raised during the General Meetings are addressed in a time bound manner. Complaints and Requests are resolved/ responded to expeditiously.</p> <p>Interactions with Investors/ Analysts etc., are also held from time to time and requisite disclosures in respect thereof are made for the benefit of all shareholders in accordance with regulatory guidelines.</p>
Employees	No	Internal communication like emails and circulars, webinars, town hall meetings, ZM Conferences, SAMADHAAN Portal	Frequently	To address and learn the expectations of employees while also communicating management's expectations to employees. Additionally it also seeks to resolve various issues of employees suitably.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Emails, Newspapers, Letters, Website	Frequently	Better services and marketing
Government	No	Emails, Letters, Meetings	Engagement on regular basis and meeting are conducted as and when required.	Performance of the Bank. Compliance of guidelines
Regulator	No	Emails, Letters, Meetings, Offsite and Onsite monitoring	Engagement on regular basis and meeting are conducted as and when required.	Performance of the Bank. Compliance of guidelines

7. Does the entity have a business continuity and disaster management plan?

Bank has in place Board approved Policy for Business Continuity Plan (BCP) and Disaster Management Plan which covers all the business operations of the Bank including IT, Non-IT and HR related aspects. It outlines well defined governance structure to establish, oversee and implement an effective BCP aligned with the regulatory guidelines. It incorporates emergency response plan, disaster recovery plan, pandemic response along with the provision of testing, training, backup, alternate site, recovery arrangements which together enable bank to respond and recover from disaster and ensure reliability and seamless continuity of operations. It also undergoes periodic reviews and audits for its effectiveness.

8. Has the bank constituted different Committees of Directors and / or Executives to look into different areas of strategic importance in terms of Reserve Bank of India/ Government of India/SEBI Guidelines.

The Board of Directors of the Bank has constituted various Committees of Directors and / or Executives to look into different areas of strategic importance in terms of Reserve Bank of India/ Government of India/SEBI Guidelines. Details of the some of the committees are as under :

1. Audit Committee of the Board (ACB)
2. Risk Management Committee
3. Stakeholders' Relationship Committee
4. Nomination & Remuneration Committee
5. Management Committee (MC)
6. The Head Office Credit Approval Committee (Level – III) (HOCAC- III)
7. Special Committee of the Board to monitor the progress of Recovery
8. Committee for Review of identification of Willful Defaulters and Non Cooperative Borrowers Classification
9. Special Committee of the Board to monitor and follow up Fraud Cases involving Rs.1.00 crore and above
10. I.T. Strategy Committee
11. Customer Service Committee
12. Committee of the Directors to review Vigilance and Non- Vigilance/ Disciplinary Action Cases
13. Directors Promotion Committee
14. Appellate Authority & Reviewing Authority Committee
15. Steering Committee of the Board on HR
16. Committee to consider election of Shareholder Directors - Voting by Public Sector Banks
17. Performance Evaluation Committee
18. Business Review Committee
19. Capital Raising Committee of Board

9. Please provide the details of some important policies / tools of Bank for improving governance culture in the bank.

Details of some important policies / tools framed towards inculcating governance culture in the bank are as under :

Policies:-

- a) Whistle Blower Policy
- b) Customer Rights Policy
- c) Equal Opportunity Policy

Tools:-

- d) Technology driven Customer Grievance Redressal System for Timely & Faster resolution.
- e) Compliance Monitoring Tool
- f) PNB SAMADHAAN for Grievance redressal of employees.
- g) New Enterprises Fraud Risk Management (EFRM)
- h) Sustainability and Resilience Committee (SARC) to facilitate governance of all sustainability related activities
- i) CCoE (Cyber Security Centre of Excellence) oversees a suite of over 30 security technology products
- j) The bank upholds the highest industry standards and has achieved certifications such as ISO/IEC 27001:2013 for Information Security Management.