



# कापोरिशन बैंक Corporation Bank

## **Related Party Transactions Policy (Revised by the Board of the Bank on 26<sup>th</sup> October 2016)**

### **1. Preamble**

It is the policy of the Board of Directors (the “**Board**”) of Corporation Bank (the “**Bank**”) that all Related Party Transactions, as that term is defined in this policy, shall be subject to review/approval/ratification in accordance with the procedures set forth below in order to ensure the transparency and procedural fairness of such transactions. The Board has determined that the Audit Committee (the “**Committee**”) shall review, approve and ratify all Related Party Transactions. This policy will be applicable to the Bank.

### **2. LEGAL FRAMEWORK**

In terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banks is required to form the policy on materiality of related party transactions and on dealing with related party transactions. The Bank has formulated a POLICY on RELATED PARTY TRANSACTIONS which is mandatory to be formed and was made effective from 01<sup>st</sup> October 2014 to comply as per amendments effected by SEBI in clause 49 which was also noted by Bank’s Board of Directors in their meet held on 26<sup>th</sup> September 2014.

This policy is accordingly formulated to regulate transactions between the Bank and its Related Parties based on the applicable laws and regulations applicable on the Bank and particularly to give effect to prescriptions made in following legislations:

- a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘Listing Regulations’**);
- b) Listing Agreement for Equity executed by Bank with BSE Ltd. and National Stock Exchange of India Limited ( **‘Listing Agreement’**);
- c) Applicable Regulations, Circulars, Notification, Guidelines etc. of Reserve Bank of India and Securities and Exchange Board of India;
- d) The Companies Act, 2013 & Rules, Regulations made and Circulars, Guidelines issued thereunder ( to the extent applicable to the Bank);
- e) The Companies ( Meeting of Board and its Powers) Rules,2014( to the extent applicable to the Bank);
- f) Accounting Standards (AS-18) including any amendment or modification thereof.

### **3. SCOPE OF APPLICATION**

This policy shall come into force with effect from 1<sup>st</sup> October 2014 and shall be applicable to transactions made with:



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- (a) Board of Directors & their Relatives;
- (b) Key Managerial Personnel (KMP) of the Bank & their Relatives; and
- (c) Related Parties, as defined hereinafter.

#### 4. Objective

This policy is intended to ensure proper approval and reporting of transactions between the Bank and any of its related party/ies in the best interest of the Bank and its Stakeholders. The Policy aims at addressing issues of conflict of interest which might arise in dealing between the Bank, KMPs and its Related Parties.

#### 5. Definitions

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| " Act"                                  | "Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.                                                                                                                                                                                                                                                                                                                                                                                       |
| "Accounting Standards or AS 18"         | Means Accounting standard 18 issued by Institute of Chartered Accountants of India or such applicable Accounting Standard as recommended by the Institute of Chartered Accountants of India in consultation with and after examination of the recommendations made by the National Financial Reporting Authority and as prescribed by the Central Government.                                                                                                                                                          |
| "Arm's length transaction"              | "Arm's length transaction" means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.                                                                                                                                                                                                                                                                                                                                                      |
| "Associate"                             | As per Regulation 2 (1) (b) of Listing Regulations "Associate" shall mean any entity which is an associate under section 2 (6) of the Companies Act, 2013 or under the applicable accounting standards i.e. a company in which the Bank has a significant influence, but which is not a subsidiary company of the Bank and includes a joint venture company.<br><br>Explanation.—"significant influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement. |
| "Audit Committee of Board or Committee" | "Audit Committee of Board" means a committee of Directors of the Bank constituted by the Board of Directors as per the guidelines of the Reserve Bank of India (RBI).                                                                                                                                                                                                                                                                                                                                                  |
| " Bank"                                 | "Bank" means Corporation Bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.                                                                                                                                                                                                                                                                                                                                                                                            |
| "Board of Directors" or "Board"         | "Board" means Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.                                                                                                                                                                                                                                                                                                                                                                  |



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| "Managing Director & CEO"            | "The Managing Director & CEO" means the Managing Director & CEO of the Bank for the time being.                                                                                                                                                                                                                                                 |
| "Control"                            | a) Ownership, directly or indirectly, of more than one half of the voting power of the Bank, or<br>b) control of the composition of the board of directors of the Bank;<br>c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Bank.                     |
| "Directors"                          | "Directors" mean the Directors for the time being of the Bank.                                                                                                                                                                                                                                                                                  |
| "General Meeting"                    | "General Meeting" means and includes Annual General Meeting and/or Extraordinary General Meeting.                                                                                                                                                                                                                                               |
| "Gender"                             | The words importing "masculine gender" shall include the feminine gender vice-versa                                                                                                                                                                                                                                                             |
| "In writing" and "written"           | "In writing" and "written" shall include printing, lithography or part printing and part lithography and any other mode or modes of representing or reproducing words in visible form.                                                                                                                                                          |
| "Listing Agreement"                  | Listing Agreement for Equity executed by the Bank with the BSE Limited And National Stock Exchange of India Limited, where the Equity Shares of the Bank Listed.                                                                                                                                                                                |
| "Listing Regulation"                 | Means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment or modification thereof                                                                                                                                                                                                                 |
| ' Reserve Bank of India '            | Reserve Bank of India as constituted under the Reserve Bank of India Act, 1934.                                                                                                                                                                                                                                                                 |
| Key Managerial Personnel(KMP)        | Key Managerial Personnel shall mean the following whole-time key managerial personnel of the Bank: <ul style="list-style-type: none"> <li>➤ Managing Director &amp; CEO</li> <li>➤ Executive Directors</li> <li>➤ CFO</li> <li>➤ Company Secretary</li> </ul>                                                                                   |
| "Material Related Party Transaction" | "A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover equivalent of the Bank as per the last audited financial statements of the Bank. |
| "Month"                              | "Month" means a calendar month.                                                                                                                                                                                                                                                                                                                 |
| "Modify" and "Modifications"         | "Modify" and "Modifications" shall include the making of additions and omissions.                                                                                                                                                                                                                                                               |
| "Office or place of profit"          | "Office or place of profit" means any office or place -<br><br>(i) where such office or place is held by a director, if the director                                                                                                                                                                                                            |



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|                                              | <p>holding it receives from the Bank anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;</p> <p>(ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Bank anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| "Person"                                     | The word importing "person" shall include a Company or Corporation as well as individuals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| "Related Party Transaction Policy or Policy" | "Related Party Transaction Policy or Policy" means this policy duly approved by Board and includes any amendment or modification thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| "Related Party Transaction"                  | A " Related Party Transaction" would mean a transaction as defined under Section 2 (1) (zc) of Listing Regulations and AS 18 and means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Related Party"                              | <p>"Related Parties" shall be as defined in Section 2(76) of the Act read with Rule 4 of Companies (specification of definitions details) Rules, 2014 , Clause - 2 (1) (zb) of Listing Regulations and under AS-18 and with reference to a company means -</p> <p>(i) a director or his relative; (ii) a key managerial personnel or his relative; (iii) a firm, in which a director, manager or his relative is a partner; (iv) a private company in which a director or manager is a member or director; (v) a public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital; (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:</p> <p>Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;</p> <p>(viii) any company which is - (A) a holding, subsidiary or an associate company of such company; or (B) a subsidiary of a holding</p> |



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|                                                                     | <p>company to which it is also a subsidiary;</p> <p>(ix) Such other person, as may be prescribed by MCA / SEBI / Accounting Standards.</p> <p>Parties are considered to be related if one party <u>has the ability to control the other party</u> or <u>exercise significant influence over the other party</u>, directly or indirectly, in making financial and/or operating decisions.</p> <p>As per AS 18, Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.</p>                                                      |
| "Relative"                                                          | <p>A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:</p> <ol style="list-style-type: none"> <li>1. Members of HUF</li> <li>2. Spouse</li> <li>3. Father (includes step-father).</li> <li>4. Mother (includes the step-mother).</li> <li>5. Son (includes the step-son).</li> <li>6. Son's wife</li> <li>7. Daughter</li> <li>8. Daughter's husband</li> <li>9. Brother (includes the step-brother).</li> <li>10. Sister (includes the step-sister).</li> </ol> <p>And includes a person defined under section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (specification of definitions details) Rules, 2014) and</p> |
| "Singular Number and Plural Number"                                 | <p>The words importing "singular number" shall include the plural numbers and vice-versa.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| "Year"                                                              | <p>"Year" means Financial Year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Expressions in these regulations to bear same meaning as in the Act | <p>Subject as aforesaid and except where the subject or context otherwise requires, words or expressions contained in this Policy shall bear the same meaning as in the Act.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

### 6. Policy

All Related Party Transactions (RPTs) shall require prior approval of the Audit Committee of the Board (ACB) and referred for approval to the Committee in accordance with this Policy. However, the ACB may grant omnibus approval for Related Party Transactions proposed to be entered into by the Bank subject to the following conditions:



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- a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Bank and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Bank;
- c) the omnibus approval shall specify: (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions .

The following related party transactions shall not require the approval of Audit Committee /Board/Shareholders : :

- a) transactions entered into between two government companies or government controlled enterprise;
- b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**Explanation**

- i. "Government company" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."
- ii. 'State-controlled enterprise' – as per Rule 10 (13) of the AS 18 a State-controlled enterprise means "an enterprise which is under the control of the Central Government and/or any State Government(s)."



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**7. Type of Transactions covered under the Policy**

a) The following transactions will be covered under this policy:

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property etc.
- vi. Such related party's appointment to any office or place of profit in the Bank, its subsidiary company or associate company;
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Bank.

b) Under \_ Listing Regulations, following shall also be covered –

Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

c) In line with RBI Master Circular DBOD.BP.BC.No.8/21.04.018/2014-15 dated July 1, 2014 - Disclosure in Financial Statements - Notes to Accounts (Accounting Standard 18), all transactions involving transfer of resources or obligations between related parties, regardless of whether or not a price is charged shall be covered. To name a few:

- i. Purchases or sales of goods;
- ii. Purchases or sales of fixed assets;
- iii. Rendering or receiving of services;
- iv. Agency arrangements;
- v. Leasing or hire purchase arrangements
- vi. Transfer of research and development.
- vii. License agreements.
- viii. Finance (including loans and equity contributions in cash or in kind).
- ix. Guarantees and collaterals.
- x. Management contracts including for deputation of employees.

d) **“Material Related Party Transaction”**

In case of material related party transaction, the prior approval of the shareholders by a ordinary resolution shall be required.



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In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

### 8. Recognition of potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board/Audit Committee of Board as the case may be, any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board /Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Audit Committee or the Board of Directors may recommend the creation of a special committee to review any such Related Party Transaction.

The Bank strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### 9. Details required for ascertaining related party

The following details shall be required for ascertaining the related party:

- a) Declaration/Disclosure of interest by all the Directors and KMPs' in the prescribed form
- b) Declaration of relatives by all Directors and KMPs'.
- c) Declaration about a firm in which a Director or his relative is a partner.
- d) Declaration about a private Company in which a Director is a member or director.
- e) Declaration regarding a public company in which a Director is a Director and holds along with the relatives more than 2% of the paid-up share capital.
- f) Notices from Directors of any change in particulars of Directorship or in other positions during the year.
- g) Declaration by Holding Company regarding its Directors/ KMPs' and their relatives.
- h) Details of any Body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director of the Bank.
- i) Details of any person on whose advice, directions or instructions a director is accustomed to act:

Provided that nothing in point No. h & i shall apply to the advice, directions or instructions given in a professional capacity.





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### j) Details of any Company which is

- a holding, subsidiary or an associate company of such company; or
- a subsidiary of a holding company to which it is also a subsidiary.

### **10. Process for ascertaining related party**

Financial Management Division shall prepare the list of Related Parties on the basis of the information collected from the Related Parties as at end of 31<sup>st</sup> March every year and as and when any person or entity becomes a Related Party in terms of this present policy and declaration is received. The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year.

The Internal auditors/Secretarial Auditor /Statutory Auditor are required to verify the process of ascertaining the Related Parties and their correct recording / listing in register of Contracts/arrangement etc as well as their classification regarding whether they are on arm's length basis and in the ordinary course of business.

### **11. Circulating of above list of related parties**

The aforesaid list shall be circulated to Divisional Heads at Head Office and the Circle Heads of respective Circles and Zonal Audit Offices.

### **12. Procedure of seeking approval**

- a) As and when any transaction is contemplated with any Related Party, the concerned office entertaining the request shall submit to the concerned Circle Head or Divisional Head if at Head Office, the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate. The concerned Circle /Divisional Head shall provide the said note to the Financial Management Division of the Bank at Head Office, which shall appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.
- b) If the proposed transaction is not in ordinary course of business but at arms' length basis, then the originating office shall give a detailed note with justification to Financial Management Division for entering such transaction along with details of proposed transaction with draft agreement/MoU/other supporting documents. Based on this note, the Financial Management Division shall escalate the matter for necessary approvals of the Audit Committee/ Board/Shareholders as may be applicable.



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- c) Financial Management Division shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
- A general description of the transaction(s), including the material terms and conditions.
  - The name of the Related Party and the basis on which such person or entity is a Related Party.
  - The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
  - The approximate Rupee value of the transaction(s), and the approximate Rupee value of the Related Party's interest in the transaction(s) without regard to amount of profit or loss.
  - In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.
  - In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
  - Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).
- d) Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will reclude himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

### Review and Approval of Related Party Transactions

- e) The Committee shall review the material facts of all Related Party Transactions and may also approve or disapprove of the entry into the Related Party Transaction, subject to the exceptions described below.
- f) To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Bank and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Bank and would apply on the same basis if the transaction did not involve a Related Party;



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- Whether there are any compelling business reasons for the Bank to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - Whether the Related Party Transaction would affect the independence of an independent director;
  - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
  - Whether the Bank was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Bank; and
  - Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Bank, taking into account the size of the transaction, the overall financial position of the Director, Managing Director or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- g) If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- h) Notwithstanding the foregoing ,the Committee shall be authorized to review in advance and provide standing pre-approval in advance for certain Related Party Transactions or categories of Related Party Transactions. The Committee has reviewed the Related Party Transactions described below in ***"Standing Pre-Approval for Certain Related Party Transactions"*** and determined that each of the Related Party Transactions described therein shall be deemed to have been reviewed and approved in advance by the Committee under the terms of this Policy for a period of one year.

### Related Party Transactions without the prior approval under this Policy

- i) In the event the Bank becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Bank, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.



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- j) In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.
- k) The Committee may also disapprove of a previously entered into Related Party Transaction and may require that management of the Bank take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.
- l) If a Related Party Transaction will be ongoing, the Committee may establish guidelines for the Bank's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.
- m) This Policy is intended to augment and work in conjunction with other Bank's policies having any code of conduct, code of ethics and/or conflict of interest provisions.
- n) The Audit Committee periodically shall review this Policy and shall have authority to modify or waive any procedural requirements of this Policy and may also recommend amendments to this Policy from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions including those that (i) involve *de minimis* amounts, (ii) do not require public disclosure, or (iii) involve transactions that have primarily a charitable purpose.
- o) The Board of Directors reserves the power to amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Listing Agreement and must be approved in the manner as may be decided by the Board of Directors.

### 13. Standing Pre-Approval for Certain Related Party Transactions

The Committee has reviewed the types of Related Party Transactions described below and determined that each of the following Related Party Transactions shall be deemed to have been reviewed in advance and pre-approved by the Committee. However, a statement of all such standing pre-approved related party transaction shall be place before the Committee on quarterly basis for information.



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- a) **Employment of executive officers:** Any employment by the Bank of, or compensation of, an executive officer of the Bank if (i) the executive officer is not an immediate family member of another executive officer or director or KMP of the Bank, (ii) the executive officer was not otherwise a Related Party of the Bank prior to becoming an employee of the Bank and (iii) the Bank's Nomination and Remuneration Committee has approved (or recommended that the Board approve) the compensation of such executive officer.
- b) **Director or KMP remuneration:** Any transaction that involves providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Bank or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- c) **Certain Bank charitable contributions :** Any charitable contribution, grant or endowment by the Bank to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved, since the beginning of the Bank's last completed fiscal year, does not exceed **Rs. 10,00,000/-**, or if donations are made pursuant to the Bank's matching program as a result of contributions by employees, pursuant to a program that is available on the same terms to all employees of the Bank. Any contribution beyond **Rs. 10,00,000/-** shall necessarily require approvals with respect to the compliance of Related Party provisions.
- d) **Transactions where all shareholders receive proportional benefits:** Any transactions, arrangements or relationships where the Related Party's interest arises solely from the ownership of the Bank's equity shares and all holders of the Bank's equity shares received the same benefit on a pro rata basis (e.g., dividends or share splits).
- e) **Certain transactions with director-affiliated companies:** If a director also serves as an executive officer of another company with which Bank does business, the Committee may establish guidelines, via resolution, under which certain transactions are deemed pre-approved. Thereafter, the Committee, on at least an annual basis, shall review both Bank's relationship with the director-affiliated company and the guidelines that have been established for management of that relationship.
- f) **Regulated transactions:** Any transactions, arrangements or relationships with a Related Party involving the rendering of services at rates or charges fixed in conformity with law or governmental authority.
- g) **Certain banking related services :** Any transactions, arrangements or relationships with a Related Party involving services as a bank depository of funds, fixed deposits, savings account services, current account services or other banking services which are ordinarily undertaken by the Related Party at arms length.



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- h) Any transactions undertaken between the two Government owned companies / government controlled enterprises/ banks / public sector undertakings / holding and subsidiary companies in normal course of business including the commission and other services charges paid / received in the normal course of business.

### 14. Related party transactions details

The Circle Offices in case of Circles and Divisional Heads in case of HO Divisions shall provide a list of transactions with Related Party on a monthly basis to the Financial Management Division within 7 days of close of each month and the same shall be reviewed by the Concurrent/Internal Auditors every month and statutory auditors at the end of the quarter and shall be placed before the Audit Committee quarterly.

### 15. Disclosure

- a) Details of contract(s) or arrangement(s) with related parties shall be reported to the Audit Committee of the Board with the justification (if any). It shall also be disclosed in the Directors' Report/ Annual Report of the Bank.
- b) The Bank shall keep a register in the prescribed form giving the particulars of all contracts or arrangements in such manner and containing particulars duly authenticated by the authorized official of the Investor Service Department and thereafter the same shall be placed before the next meeting of the Board.
- c) Necessary disclosures be made in the Annual Financial Statements as required under AS 18 and RBI guidelines. Further, as required under Clause 49 of Listing Agreement, necessary details of all materially significant related party transactions', which may have potential conflict with the interests of the Bank at large, be also given in 'Report on Corporate Governance' section in Annual Report.
- d) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on Corporate Governance.
- e) The Bank shall disclose the policy on dealing with Related Party Transactions on its website and also in the annual Report **by way of a web link** as required by applicable laws, rules and regulations.
- f) All Related Party Transactions that are required to be disclosed in the Bank's filings with the Stock Exchange, as required by the Listing Agreement and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.
- g) The Reserve Bank of India vide its Master Circular No. DBOD.BP.BC No.8/21.04.018/2014-15 dated July 1, 2014 on Disclosure in Financial Statements - Notes to Accounts, has provided detailed guidance to Banks in the matter of disclosures in the 'Notes to Accounts' to the



कापोरिशन बैंक

## Corporation Bank

Financial Statements. The AS 18 relating to Related Party Disclosures is applicable for reporting related party relationships and transactions between a reporting enterprise and its related parties. The illustrative format as prescribed by RBI as disclosure by banks for the purpose of AS 18 is annexed as Annexure -1.

### 16. Records relating to Related Party / Supporting documents

All disclosures, supporting documents shall be preserved for a period of eight years from the end of the financial year to which it relates and shall be kept in the custody of the Investor Services Department or any other person authorized by the Board for the purpose.

#### (ii) Supporting / justification on the transaction on arm's length basis.

Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate shall also be preserved for a period of 8 years from the end of the financial year to which it relates and shall be kept in the custody of the Investor Services Department or any other person authorized by the Board for the purpose.

### 17. Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Bank, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to confirm to the law, rule, regulation or standard.

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**कापोरिशन बैंक**  
**Corporation Bank**

**Annexure 1**

**Format for Related Party Disclosures**

The manner of disclosures required by paragraphs 23 and 26 of AS 18 is illustrated below. It may be noted that the format is merely illustrative and is not exhaustive.

(Amount in INR crore)

| Items / Related Party          | Parent (as per ownership or control) | Subsidiaries | Associates/ Joint Ventures | KMP@ | Relatives of KMP | Total |
|--------------------------------|--------------------------------------|--------------|----------------------------|------|------------------|-------|
| Borrowings#                    |                                      |              |                            |      |                  |       |
| Deposit#                       |                                      |              |                            |      |                  |       |
| Placement of deposits#         |                                      |              |                            |      |                  |       |
| Advances#                      |                                      |              |                            |      |                  |       |
| Investments#                   |                                      |              |                            |      |                  |       |
| Non funded commitments#        |                                      |              |                            |      |                  |       |
| Leasing arrangements availed#  |                                      |              |                            |      |                  |       |
| Leasing arrangements provided# |                                      |              |                            |      |                  |       |
| Purchase of fixed assets       |                                      |              |                            |      |                  |       |
| Sale of fixed assets           |                                      |              |                            |      |                  |       |
| Interest paid                  |                                      |              |                            |      |                  |       |
| Interest received              |                                      |              |                            |      |                  |       |
| Rendering of services*         |                                      |              |                            |      |                  |       |
| Receiving of services*         |                                      |              |                            |      |                  |       |
| Management contracts*          |                                      |              |                            |      |                  |       |

**Note:** Where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party.

\* Contract services etc. and not services like remittance facilities, locker facilities etc.

@ Whole time directors of the Board

# The outstanding at the year-end and the maximum during the year are to be disclosed.