

BOARD DIVERSITY POLICY

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1. BACKGROUND:

Jammu & Kashmir Bank Limited (“the Company” or “the Bank”) believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and in complete compliance of applicable laws, as amended from time to time.

2. VISION:

The Bank recognizes the importance and benefits of having the diverse Board to enhance quality of its performance.

3. MEANING & SCOPE OF DIVERSITY:

The term “Diversity” of Board of Directors “Board” has not been defined. Diversity is achieved, more particularly functionally, residence and gender wise, whereby the Board has to have an optimum combination of executive, non-executive, independent, resident/non-resident director(s), woman director(s) in terms of law and corporate governance. As per various national / international practices, it would also mean that the individuals of the Board should be diverse in background, education, experience, knowledge, thoughts, perspective, functional expertise, independence, age and gender. Diversity would further include differences that relate to communication styles, problem solving & interpersonal skills.

4. STATUTORY COMPLIANCE:

In accordance with the Regulation 19(4) and Part D (A)(3) of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) the Company has framed a formal policy on Board diversity which sets out a framework to promote diversity on Bank’s Board of Directors (‘the ‘Board’).

5. OBJECTIVE OF POLICY:

The Bank believes in diversity and values the benefits that diversity can bring to its board. Diversity promotes the inclusion of different perspectives and ideas, mitigates against group thinking and ensures that the Company has the opportunity to benefit from all available talent. The promotion of a diverse Board enables application of prudent business sense and facilitates for better corporate governance.

The objectives for achieving diversity on the Board of Directors of the Bank is for the benefits of:-

- Enhancement of the quality of performance of the Board;
- Usher in independence in the performance of the Board;
- Eradicate the gender bias in the Board;
- Achievement of sustainable and balanced performance and development in the Bank;
- Support the attainment of strategic objectives of the Bank; and
- Compliance of applicable law(s) and good corporate governance practices.

The Bank believes that the requisite diversity is already present in the Board of the Bank which, however, needs to be reviewed in terms of this Policy.

6. DEFINITIONS:

“Board or Board of Directors” means the “Board of Directors” of Jammu & Kashmir Bank Limited.

“Company or the Bank” means Jammu & Kashmir Bank Limited incorporated on October 01, 1938 under the provisions of Companies Act, 1913 and licensed as a Bank under the Banking Regulation Act, 1949.

“Nomination & Remuneration Committee or the Committee” means “Nomination & Remuneration Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

“Policy” means this policy of the Bank on Board Diversity.

7. POLICY STATEMENT:

The Bank recognizes the benefits of having a diverse Board consisting of a judicious mix of Executive, Non-Executive and Independent Directors and sees increasing diversity at Board level as an important element in maintaining a competitive advantage. A diverse Board includes and makes good use of differences in the skills (in particular those skills identified as relevant to the business of the Bank, including financial services, strategy development, finance, risk management, business experience, economics, corporate finance, human resources, customer relations, credit and IT skills), regional and industry experience, background, nationality, gender, age and other qualities of directors. These differences are considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

The guidelines of Reserve Bank of India and the provisions of the Banking Regulation Act, 1949 also mandates that minimum 51% of the Board of a Bank should consist of members from different sectors having special knowledge and practical experience.

The total number of directors constituting the Board shall be in accordance with the Articles of Association of the Bank. The Board of Directors of the Bank shall have an optimum combination of Executive, Non-Executive and Independent Directors with at least one Woman Director and the composition of the Board shall be in accordance with requirements of the Articles of Association of the Bank, Banking Regulations Act, 1949, Companies Act, 2013, Listing Regulations and other applicable statutory/regulatory regulations.

8. ROLE OF NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee shall review and assess Board composition on behalf of the Board and recommends the appointment of new directors, keeping in view the overall diversity on the Board. Accordingly, the Committee shall-

- In reviewing Board composition, consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

- In identifying suitable candidates for appointment to the Board, consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee should consider the balance of skills, experience, independence and knowledge of banking industry on the Board and the diversity representation of the Board.

9. MEASURABLE OBJECTIVES:

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

I. Optimum composition

- (a) The Board shall have an optimum combination of executive and nonexecutive directors and not less than fifty per cent of the Board of Directors comprising non-executive directors.
- (b) At least half of the Board should comprise of independent directors (where the Chairman of the Board is executive) or at least one-third of the Board should comprise of independent directors (where the Chairman of the Board is non-executive).
- (c) The Company shall continue to have *at least one woman director* on the Board to ensure that there is no gender inequality on the Board.

II. Functional diversity

- (a) Appointment of directors to the Board should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the Bank.
- (b) Knowledge of and experience in domain areas such as finance, legal, risk management, industry, etc., should be duly considered while making appointments to the Board level.
- (c) Directorships in other companies may also be taken into account while determining the candidature of a person.
- (d) Such diversity may be in relation to diversified exposure such as banking, business, corporative sector, agriculture, rural economy, industry, management, economics, finance, law or any other special area of knowledge or experience.

III. Stakeholder diversity

The Company may also have directors on its Board, representing the interest of any financial institution or any other person in accordance with the provisions of its Articles of Association and/ or any agreement between the Company and the nominating agency subject to regulatory norms.

IV. Gender Diversity

The board shall also comply with mandatory requirements of gender diversity in its composition in letter and spirit

10. MONITORING AND REPORTING:

The NRC Committee will report annually, in the corporate governance section of the Bank's Annual Report, on the process it has used in relation to Board appointments.

11. CONFLICT IN POLICY:

In the event of conflict or inconsistency between the provisions of this policy and the provisions of the applicable laws and Listing Regulations, the policy shall be construed and interpreted in consonance with the applicable rules and regulations and in the failure of such harmonic interpretation and construction, the regulatory provisions shall prevail.

12. AMENDMENTS / MODIFICATIONS:

To the extent any change/amendment is required in terms of any applicable law or change in Listing Regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for noting and necessary ratification.

13. DISCLOSURE OF THE POLICY:

This policy will be posted on the Company's website. The necessary disclosure about the Policy will also be made as per requirements of Listing Regulations and Companies Act 2013.

14. REVIEW OF THE POLICY:

The NRC Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

This shall, inter alia include review of all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.