



Ref No: JKB/ _____

Dated:

To

Mrs./Mr. _____
(Address)**Subject: Letter of Appointment as an Independent Director of the Bank**

Dear Sir,

I am writing to confirm that the Members of The Jammu & Kashmir Bank Limited (hereinafter referred to as 'the Bank') in the ---- AGM/EGM held on ----- had approved your appointment as an Independent Director on the Board of Directors of Bank for a period of -- ----- years with effect from ----- to ----- . This letter of appointment sets out the terms and conditions covering your appointment, which are as follows:

1. Appointment

- 1.1 You have been appointed as a Non-Executive Independent Director on the Board of Directors of the Bank with effect from ----- . Your appointment is subject to the extant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 1.2 The term "Independent Director" should be construed as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.3 The Bank has adopted the provisions with respect to appointment and tenure of Independent Directors as are consistent with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Bank is at liberty to disengage a Non-Executive Independent Director earlier subject to compliance of the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.4 As an Independent Director you are not liable to retire by rotation.

2. Committees

The Board of Directors (the Board) may invite you for being appointed on one or more of the existing Board Committees or any Committee(s) that may be set up in the future. Your appointment on such Committee(s) will be subject to the applicable legal requirements.

3. Time Commitment

- 3.1 As a Non-Executive Independent Director you are expected to bring objectivity and independence to the Board's discussions and help provide the Board with effective leadership in relation to the Bank's strategy, performance, and risk management, as well as ensuring high standards of financial probity and corporate governance. The Board and the audit committee meets at least four times in a year.

The Nomination and Remuneration Committee meetings are ordinarily convened twice in a year and other committees as per requirement. You will be expected to attend the Board, the Board Committees and the Annual General Meetings and to devote sufficient time, as required for you to discharge your duties effectively. Ordinarily, all the meetings

are held at Srinagar.

- 3.2 By accepting this appointment, you confirm that you are in a position to allocate sufficient time to meet the expectations of your role to the satisfaction of the Board.

4. Fiduciary Duties

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and inter alia are as under:-

- I. You shall act in accordance with the Bank's Articles of Association.
- II. You shall act in good faith in order to promote the objects of the Bank for the benefit of its members as a whole, and in the best interests of the Bank.
- III. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Bank/subsidiary/Associate or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Bank and its stakeholders' interests, must be avoided at all costs. Please refer to clause 7 mentioned herein below for full explanation on conflict of interest.
- V. You shall not assign your office as Director and any assignments so made shall be void. There are certain roles, functions duties prescribed for all Independent Directors, which are listed in the 'Code for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013. You shall abide by the said 'Code of Conduct for Independent Directors' in force or as amended from time to time to the extent relevant and applicable to your role as an Independent Director. The present code is annexed hereto as Annexure A. Further, you should adhere to Dos and DON'Ts guidelines issued by the RBI vide its circular DBOD.No.BC.94/16.13.100/92 dated March 9, 1992 reproduced at Annexure B for your reference and record.

5. Status of Appointment and Remuneration

- 5.1 You will not be an employee of the Bank and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees and Commission of Profits as may be decided by the Board and approved by the Members from time to time.
- 5.2 The sitting fees presently paid to a Non-Executive Independent Director is Rs.40,000/- for attending each Board or Committee meeting.
- 5.3 You will be entitled to Commission on Profits at a rate not exceeding the rate prescribed under the Companies Act, 2013 and within such limit fixed by the Board and approved by the shareholders. The Commission on profits approved by the shareholders is 1% of the net profits subject to a maximum of Rs.10 lac per Non-Executive Director. The Commission amount for each financial year will be determined by the Board within the limits specified above and the payment will be made after the financial statements are adopted by the shareholders.

6. Reimbursement of Expenses

In addition to the remuneration described in paragraph 5, the Bank will, for the period of

your appointment, reimburse you reasonable expenses incurred in the discharge of your roles/duties including:

- 6.1 Business class airfare to attend the Board or Committee meetings or General Meetings of Members, wherever applicable.
- 6.2 Accommodation in a hotel of high standing during the days of the Board and Committee meetings or General Meetings of Members and during the day prior to such meetings, as may be necessary.
- 6.3 Out-of-pocket expenses like conveyance, food and incidentals that are incurred during the days of the Board and Committee meetings or General Meetings of Members.

The Bank shall, if required, conduct formal induction program for its Independent Directors which may include any or all of the following:

- a. Board roles and responsibilities, while seeking to build working relationship among the Board members.
- b. Bank's vision, strategic direction, core values, ethics and corporate governance practices.
- c. Familiarization with financial matters, management team, business operations, meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Bank shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Bank will fund/arrange for training on all matters which are common to the entire Board.

7. Conflict of Interest

- 7.1 During the term, you agree to promptly notify the Bank of any change in your directorships and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Bank, you shall promptly disclose the same to the Chairman and the Company Secretary. We request you to confirm that, as on date of this letter, you have no such conflict of interest issues with your existing directorships.
- 7.2 It is accepted and acknowledged that you may have business interests, memberships other than those of the Bank. As a condition to your appointment, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your accepting the appointment. You are also required to disclose about your change in business interests and disclose the interest at the beginning of the financial year as required under the extant provisions of the Companies Act, 2013.
- 7.3 In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to both the Chairman and the Secretary.
- 7.4 During your term, you agree to promptly provide a declaration under Section 149 (7) of the Companies Act, 2013, every year and upon any change in circumstances within 20 days which may affect your status as an Independent Director.
- 7.5 During the term, you shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or contact number and personal details provided to the Bank.

8. Confidentiality

All information acquired during your tenure of directorship is confidential and should not be disclosed, either during your tenure or following termination (by whatever means) to third parties without prior clearance from the Chairman, unless required by law or by the rules of any stock exchange or regulatory body. In the latter case, you would be required to suitably inform the Chairman of such an event or disclosure. You should direct any media queries or approaches to the appropriate spokesperson within the Bank. On reasonable request, you shall surrender any documents and other materials made available to you by the Bank.

9. Dealings in shares

You are required to comply with the Bank's Insider Trading Code of Conduct presently in force or as amended from time to time. This code inter alia prohibits the Directors from dealing in the Bank's shares during the period when the trading window is closed. Further, Directors, being designated officers of the Bank for the purpose of insider trading guidelines, are to preclear all trades (buy/sell) from the Chairman/ Compliance Officer of the Bank, if the trade exceeds the limit specified under Bank's Insider Trading Code. You are also required to comply with the applicable SEBI insider trading laws and regulations.

10. Evaluation

The Bank will carry out an evaluation of the performance of the Board as a whole, Board Committees and the Directors on an annual basis. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

11. Disclosure of Interest

It is expected that any interest you may have in any transaction or arrangement that the Bank has entered into should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or Bank is acceptable.

12. Termination

- 12.1 You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board alongwith the detailed reasons/declaration as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 12.2 Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Bank, from time to time in force. You will not be entitled to any compensation if the shareholders do not re-elect you at any time.
- 12.3 Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Bank.

Yours Sincerely,

For Jammu & Kashmir Bank Limited

Schedule IV of Companies Act, 2013
[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the Bank;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Bank as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the Bank or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the Bank in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;

- 8) moderate and arbitrate in the interest of the Bank as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Bank;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Bank;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the Bank;
- 6) where they have concerns about the running of the Bank or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the Bank and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Bank;
- 10) ascertain and ensure that the Bank has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- 1) Appointment process of independent directors shall be independent of the Bank management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the Bank shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be

appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

- 4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :
 - a. the term of appointment;
 - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d. provision for Directors and Officers (D and O) insurance, if any;
 - e. the Code of Business Ethics that the Bank expects its directors and employees to follow;
 - f. the list of actions that a director should not do while functioning as such in the Bank; and
 - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the Bank by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the Bank's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the Bank shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the Bank fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- 1) The independent directors of the Bank shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the Bank shall strive to be present at such meeting;
- 3) The meeting shall:
 - a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the Bank, taking into

- account the views of executive directors and non-executive directors;
- c. assess the quality, quantity and timeliness of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Signature:-

Name:-

DO'S AND DON'TS FOR THE DIRECTORS OF THE BANK

(Ref: RBI Circular DBOD.No.BC.94/16.13.100/92 dated March 9, 1992)

DO'S

- i) Attend the Board meetings regularly and effectively.
- ii) Study the Board papers thoroughly and use the good offices of the Chief Executive for eliciting any information at the Board meeting.
- iii) Ask the Chairman to furnish you with the Board papers and follow-up reports on a definite time schedule.
- iv) Involve yourself as Director on the Board thoroughly in the matter of formulation of general policy and also ensure that performance of the bank is monitored adequately at Board levels.
- v) Be familiar with the broad objectives of the bank and the policy laid down by the Government and the Reserve Bank.
- vi) All constructive ideas for the better management of the bank and for making valuable contribution would be welcome.
- vii) You must work as a team and not sponsor or be prejudice against individual proposals. Management on its part is supposed to furnish full facts and complete papers in advance.
- viii) Try to give as much of your wisdom, guidance and knowledge as possible to the management.
- ix) Try to analyse the trends of economy, assist in the discharge of management's responsibility to public and formulation of measures to improve customer service and, be generally of constructive assistance to the bank management.

DONT'S

- i) Do not send any instruction to any individual officer of the bank or give direction to individual officer in any matter.
- ii) Do not involve yourself in any matter relating to personnel administration whether it is appointment, transfer, posting or promotion or a redressal of individual grievances of any employee.
- iii) Do not interfere in the day-to-day functioning of the bank.
- iv) Do not approach or influence for sanction of any kind of facility from an individual Branch Manager or any other official.
- v) Do not involve yourself in the routine or everyday business and in the management functions.
- vi) Do not participate in the Board discussion if a proposal in which you are directly or indirectly interested comes up for discussion. Disclose your interest well in advance to the Chief Executive.
- vii) Do not reveal any information relating to any constituent of the bank to anyone as you are under oath of secrecy and fidelity.
- viii) Directors should not send for individual officers of the bank or give directions to such officers on any matter.

- ix) You should discourage the individual employee or unions approaching you in any matter.
- x) You may indicate your directorship of the bank on your visiting card or letter heads, but the logos or distinctive design of the banks should not, however, be displayed on the visiting card/ letter head.
- xi) Directors should not directly call for papers/files/notes recorded by various departments for scrutiny etc. in respect of agenda items to be discussed in the meetings. All information/clarification that they may require for taking a decision will be made available by the executive.
- xii) Directors are expected to ensure confidentiality of the Bank's agenda papers/notes. Ordinarily, it is suggested that by way of abundant precaution, the Board papers may be returned to the bank after the meeting.
- xiii) Do not sponsor any loan proposal, buildings and sites for bank's premises, enlistment or empanelment of contractors, architects, doctors, lawyers, etc. Do not do anything which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff.