



BOARD DIVERSITY POLICY

23/03/2024



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1. INTRODUCTION:

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 behaviour and in complete compliance of applicable laws, as amended from time to time. In this backdrop the Bank has formulated this policy in compliance with Listing Regulations which was approved by the Board on January 31, 2018 for implementation in the Bank and the same was reviewed by the Board in its meeting held on April 22, 2022.

2. VISION:

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

3. MEANING & SCOPE OF DIVERSITY:

The term “Diversity” of Board of Directors (“Board”) has not been specifically defined. The objective of diversity can be achieved, more particularly functionally, through diversity of thought, expert domain knowledge, varied perspectives, gender representation, etc, 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 governing law and corporate governance practices. Diversity would further include uniqueness related 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 this 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 Bank has the opportunity to benefit from all available talent. The promotion of a diverse Board enables application of prudent business sense and facilitates 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 of judgement in the performance of the Board;
- Achieve a balanced Board, with a wide range of attributes;
- Ensure blend of functional and industry expertise;
- 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;
- Compliance of applicable law(s) and good corporate governance practices; and
- Enhance the reputation of the Bank

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 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 distinctive attributes are duly considered in determining the optimum composition of the Board and balanced appropriately to the extent possible. All Board appointments are made on merit, in the context of the skills and experience, with the objective of constituting an optimal and effective Board consistent with the size and necessity of the Bank.

In terms of Section 10 A (2) (a) of the Banking Regulation Act, 1949 not less than fifty-one percent of the total number of members of the Board of Directors of a Banking Company shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely:-

- Accountancy
- Agriculture and rural economy
- Banking
- Co-operation
- Economics

- Finance
- Law
- Small-scale industry
- Information Technology;
- Human Resources;
- Business Development and Management;
- Payment and Settlement Systems;
- Risk Management
- Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company:

Among the aforesaid specialisations, Information Technology, Human Resources, Business Development & Management, Payment & Settlement Systems and Risk Management have been added by RBI vide Circular No. RBI/2016-17/152 DBR.Appt.BC.No.39/29.39.001/2016-17 dated November 24, 2016:

Provided that out of the aforesaid number of directors, not less than two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small scale industry.

In compliance to Regulation -17 of the Listing Regulations and the proviso thereto, the Board of Directors of Bank shall have an optimum combination of Executive and Non-Executive Directors with at least one Independent woman Director.

Besides, Part IV of Schedule IV of the Companies Act, 2013 prescribe that appointment process of Independent Directors shall be independent of the company 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.

In addition to the above said statutory provisions/regulations, the composition of the Board shall also conform to the Articles of Association of the Bank.

8. ROLE OF NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee shall review and assess Board composition on behalf of the Board and recommend 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.
- to ensure that in the process of selection of Board members, no person is discriminated against on the grounds of religion, race, caste, gender, or any other personal or physical attributes which do not affect his / her ability to perform as Director

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee shall 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:

9.1 Optimum composition

- a) In compliance to the provisions of the Companies Act, 2013 read with relevant Rules and Listing Regulations, the Board shall have an optimum combination of executive and non-executive directors and not less than fifty per cent of the Board of Directors comprising of Non-Executive Directors.
- b) In compliance to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and RBI circular no. DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 at least half of the Board should comprise of independent directors.
- c) The Company shall have at least one woman independent director on the Board to ensure that there is no gender inequality on the Board.

9.2 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.
In compliance to Section 10A(2) of the Banking Regulation Act, 1949, not less than fifty-one per cent of the total number of members of the Board of Directors of the Bank shall consist of persons, who shall have special knowledge or practical experience as specified in the Banking Regulation Act, 1949.
- b) Directorships in other companies may also be taken into account while determining the candidature of a person.

9.3 Stakeholder diversity

The Bank 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.

10. MONITORING AND REPORTING

The Bank 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. DISCLOSURE OF THE POLICY

In compliance to the Listing Regulations, the policy will be posted on the Bank's website and the necessary disclosure about the Policy will also be made in the Annual Report of the Bank as per requirements of Listing Regulations and Companies Act 2013.

12. OWNERSHIP & REVIEW OF THE POLICY

The ownership of this policy shall be with Board Secretariat Department. The periodicity of review of policy shall be **biennial review**. In the event of any amendment to the statutes/ rules/regulatory guidelines applicable to the policy, same shall be deemed to be part of the policy from the effective date of the amendment. Such changes shall be incorporated in the policy immediately with the approval of MD & CEO and brought to the notice of Board and /or its relevant Committee (s), in the form of an information item, in the meeting that immediately follows. The responsibility for updating the policy shall be that of the owner Department.

Where a change in policy is necessitated by exigencies like developments in industry practice, market needs etc., same shall be placed before the Board and/or its relevant Committee(s) for review and approval, before they become a part of the policy.

Annexures Nil



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Serving To Empower

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