

Date:

To,
Shri / Smt. _____
(Address)

Letter of Appointment

Dear Sir/Ma'am,

We are pleased to inform you that on _____, the Board of Directors of the Bank have approved your appointment as an Additional Independent Director of the Bank, in terms of the relevant provisions of the Banking Regulation Act, 1949, the Guidelines issued by RBI, the Companies Act, 2013, read with relevant Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Your appointment for the first term is for a period of ____ years commencing from _____ upto _____. Your appointment is subject to the approval of the Shareholders of the Bank.
2. As an Independent Director of the Bank, you will be required to devote sufficient time to the affairs of the Bank as may be necessary for its efficient governance.
3. As an Independent Director, you will be required to discharge your duties as per the provisions of Companies Act, 2013, and the Rules made thereunder, Banking Regulation Act, 1949, including the Code of Conduct of Independent Directors as per Schedule IV of the Companies Act, 2013, as also the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Bank and other Statutes as may be applicable to the business of the Bank from time to time.
4. During the tenure as an Independent Director of the Bank, you may be required to serve as a Member on one or more of the Committee(s) of the Board.
5. The Bank will maintain a Directors and Officers (D&O) Insurance Policy to pay for the personal liability of the Directors for claims made against them while serving on the Board of Directors of the Bank.
6. The Bank has adopted a Code of Conduct for Directors which is also applicable to the Independent Directors, a copy of which is enclosed. A copy of the Code for Independent Directors formulated as per Schedule IV of the Companies Act, 2013 is also enclosed herewith and as an Independent Director you are expected to abide by these provisions.
7. As an Independent Director you will be expected not to:
 - a) involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or could potentially conflict, with the interest of the Bank. Realise or attempt to realise any undue gain or advantage either to yourself or to your relatives, partners, or associates at the expense of the Bank.

- b) assign your office to any other party and any assignment so made shall be void ab initio.
8. Remuneration will be paid to you by way of sitting fees for attending Board and Committee meetings and expenses for participation in the meetings of the Board and other meetings of the Bank will be reimbursed, as decided by the Board, from time to time. Such payments shall be subject to the provisions of Companies Act, 2013 and any amendments /subsequent legislation applicable to such appointments.
9. In terms of RBI Circular DBR. No. BC. 97/29.67.001/2014-15 dated 1st June, 2015 with regard to Guidelines on Compensation payable to Non-Executive Directors (other than Non-Executive Chairman) of Private Sector Banks, Non-Executive Directors of the Bank would be entitled to compensation in the form of profit related commission of upto Rs. 10 lacs per annum for every financial year, subject to availability of profits. Such compensation would be paid after adoption of the annual accounts by the shareholders at the Annual General Meeting, based on the outcome of your performance evaluation.
10. Your performance as an Independent Director will be reviewed by the Board as per the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Thanking You,

For Axis Bank Limited

Rakesh Makhija
Chairman

Accepted

(Name of Director)

CODE OF CONDUCT AND CONFLICT OF INTEREST NORMS IN RESPECT OF BOARD OF DIRECTORS

A. CODE OF CONDUCT FOR DIRECTORS

The code of conduct for the Board of Directors of the Bank is laid down with an aim to ensure transparency and high ethical standards in managing the affairs of the Bank. This code of conduct would be applicable to all the Board Members of the Bank and would be observed by the Members of the Board while carrying out the fiduciary duties conferred upon them by the statute. Every Board Member shall adhere to the Code of Conduct and the Norms prescribed for monitoring and management of the conflict of interest. Every Board Member shall:

1. Act in accordance with the highest standards of personal and professional integrity, honesty, with diligence and responsiveness, excellence in quality and ethical conduct;
2. Act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised.
3. Not make any statement which has the effect of an adverse criticism of any policy or action of the Bank or which is capable of affecting the relations between the Bank and the general public/government/regulators and the stakeholders.
4. Neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of the business.

Do's

- Attend the Board Meetings regularly and effectively.
- Study the Board papers thoroughly and use the office of the Chief Executive for eliciting any information at the Board meeting.
- Be involved 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.
- Be familiar with the broad objective of the Bank and the policy laid down by the Government and the Reserve Bank of India.
- Contribute through constructive ideas for the better management of the Bank and thereby making valuable contribution to the Bank.
- Work as a team and not sponsor or be prejudiced against individual proposals. The management on its part is supposed to furnish full facts and complete papers in advance.
- Analyze and understand 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.

- Ensure confidentiality of the Bank's agenda papers/notes.

Don'ts

- Do not send any instruction to any individual officer of the Bank or give direction to individual officer in any matter. Do not encourage the individual employee or unions approaching you in any matter.
- Do not involve yourself in any matter relating to personnel administration - whether it is appointment, transfer, posting or a promotion or a redressal of individual grievances of any employee.
- Do not interfere in the day-to-day functioning of the Bank.
- Do not approach or influence for sanction of any kind of facility from an individual branch manager or any other officer. Do not sponsor any loan proposal, building and sites for Bank's premises, enlistment or empanelment of contractors, architects, doctors, lawyers etc.
- 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 Chairman.
- Do not reveal any information relating to any constituent of the Bank to anyone as you are under oath of secrecy and fidelity.
- Do 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.

B. CONFLICT OF INTEREST NORMS

A conflict of interest exists when a person with a fiduciary responsibility is in a situation where his own self-interest and the interests of the organization might be in conflict. Conflict of Interest vis a vis the Board of Directors of the Bank may be defined as a transaction or relationship or situation that presents or may present an existing or perceived conflict between a Board Member's obligations to the Bank and their personal, business or other interests.

- The Board Members should adopt the following measures for monitoring and management of any situation of conflict of interest:
 - Make a full and complete disclosure of any actual/ potential conflicts of interest to the Bank on periodic basis. New Members are required to disclose all actual or potential conflict of interest before commencement of their directorship.
 - Regularly update the Board of the directorship/membership/partnership/shareholding in closely held companies/substantial shareholding in a listed company or any other association with any institution/company/trust/firm or any other entity.
- All conflicts of interest are not necessarily prohibited or harmful to the Bank. However, full disclosure of all actual and potential conflicts, a determination by the disinterested Board

members, with the interested Board member(s) recusing themselves from participating in deliberations and voting on the matter is required.

- If the Board of Directors of the Bank has reason to believe or has knowledge of any development that may give rise to a situation of conflict of interest vis a vis any Board Member, it may advise the concerned Board Member (s) to give a declaration in writing, clarifying the situation of conflict of interest, if any.
- Non-disclosure of conflict of interest by any Board Member would be treated as misconduct if the same is conscious and deliberate (not inadvertent) and the Board of Directors may decide on an appropriate penal action for the same. The Board of Directors of the Bank may post facto ratify an inadvertent non-disclosure of the conflict of interest by any Board Member. The fact of any such ratification and the reason for non-disclosure would be duly minuted. If a conflict of interest is significant, ongoing and irreconcilable and if it impedes the ability of a Board Member to carry out the assigned roles and responsibilities, the Board may recommend reassigning of the allocated function.
- Maintain the confidentiality of information obtained by virtue of their directorship in the Bank and would not allow the use of such information for direct or indirect commercial gains.

C. ROLES AND DUTIES OF INDEPENDENT DIRECTORS

Roles and Duties of Independent Directors shall be as mentioned in the charter of the Board of Directors.

CODE FOR INDEPENDENT DIRECTORS AS PER SCHEDULE IV OF THE COMPANIES ACT, 2013

SCHEDULE IV [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 company;
- (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 company 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 company 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 company 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) scrutinise 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 company 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 company;
- (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 company;
- (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 company;
- (6) where they have concerns about the running of the company 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 company 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 company;
- (10) ascertain and ensure that the company 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 company's code of conduct or ethics policy;

- (12) acting within his authority, assist in protecting the legitimate interests of the company, 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 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.
- (2) The appointment of independent director(s) of the company 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 fulfils 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 formalised 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 company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; 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 company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company'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 company 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 company 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 company 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 company 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 company, 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 company 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.