



Summary of Voluntary Guidelines (Dec 2009) on Corporate Governance

July 2010

Appointment of Board of Directors

- ✓ Companies should issue formal letters of appointment to Non-Executive Directors (NEDs) and Independent Directors
- ✓ Such formal letter should form a part of the disclosure to shareholders.
- ✓ The roles and offices of Chairman and CEO should be separated, as far as possible, to promote balance of power.

Nomination Committee

- ✓ The companies may have a Nomination Committee comprising of majority of Independent Directors, including its Chairman
- ✓ Committee to ensure balance of ED and NED and to recommend appointment of ED

Remuneration Committee and Remuneration to NED/ED

- ✓ Extensive limitations and guidelines on remuneration to Directors
- ✓ Remuneration Committee to be formed should have responsibility for determining the remuneration for all executive directors and the executive chairman, including any compensation payments, such as retirement benefits or stock options.

Independent Directors

- ✓ Limit of independent directorship to 7 companies if he/she is MD or WTD of a Public Limited
- ✓ The Board should put in place a policy for specifying positive attributes of Independent Directors
- ✓ All Independent Directors should provide a detailed Certificate of Independence at the time of their appointment
- ✓ An Individual may not remain as an Independent Director in a company for more than six years
- ✓ A period of three years should elapse before such an individual is inducted in the same company in any capacity
- ✓ No individual may be allowed to have more than three tenures as Independent Director
- ✓ NED should have the option and freedom to interact with the company management periodically.

Responsibilities of the Board

- ✓ The companies should ensure that directors are inducted through a suitable familiarization /training process. There should be a statement to this effect by the Board in the Annual Report.
- ✓ The Board should also adopt suitable methods to enrich the skills of directors from time to time.
- ✓ The Board should ensure that there are systems, procedures and resources available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/ discharge duties
- ✓ The Directors should be given substantial time to study the data and contribute effectively to Board discussions.
- ✓ The Board, its Audit Committee and its executive management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy
- ✓ The Board to disclose in its report to members that it has put in place critical risk management framework, which is overseen every 6 months by the Board. Also to include a statement of critical risks that threaten the existence of the company.

Responsibilities of the Board

- ✓ The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. The Board should state in the Annual Report how performance evaluation of the Board, its committees and its individual directors has been conducted.
- ✓ The Board should, at least annually, conduct a review of the effectiveness of the company's system of internal controls and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls and risk management systems.
- ✓ The Directors' Responsibility Statement should also include a statement that proper systems are in place to ensure compliance of all laws applicable to the company. It should follow the “comply or explain” principle
- ✓ For every agenda item at the Board meeting, there should be attached an “Impact Analysis on Minority Shareholders” proactively stating if the agenda item has any impact on the rights of minority shareholders. The Independent Directors should discuss such Impact Analysis and offer their comments which should be suitably recorded.

Audit Committee - Constitution, Power and Roles

- ✓ At least 3 member ACB with ID as majority and Chairman to be independent too.
- ✓ All the members of audit committee should have knowledge of financial management, audit or accounts
- ✓ ACB to have power to have support, seek external assistance and access to information
- ✓ ACB to be part of the auditor interaction, appointment of auditors etc

Secretarial Audit

- ✓ To ensure that the Board's business processes and compliance mechanism are working, Secretarial audit to be undertaken by a competent authority
- ✓ The Board should give its comments on the Secretarial Audit in its report to the shareholders

Mechanism for Whistle Blowing

- ✓ Mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policy.

Background and overview



▲ About Us

- Enterprise Risk Professionals LLP is registered in India in 2009
- 4 Founding Partners
- 3-4 anchor member firms associated and respected in their areas of business
- It is managed by experienced professionals with experiences spanning various industries.

▲ Mission & Objectives

- Provide integrated consulting services to mid-large sized corporates /banks in India
- Be the preferred service provider for Risk Management projects

▲ Value Proposition

- You get quality advisory, normally delivered by large consulting firms, at fee levels charged by independent & small consulting firms
- Timely complex of any task that we undertake. We achieve this by tapping into our talent pool, resources of our strategic alliances and if needed looping in third party

Risk Management Advisory Services

Basel II Advisory

- Market Risk
- Credit Risk
- Operational Risk
- ICAAP

Corporate Risks

- Enterprise Risk Assessment
- Fraud Risk
- Internal Audit
- Operations Risk

Information Security

- IT Audits
- Information Security

Operational Risk

- Process reviews
- Policy/ Process Review
- Process Improvement
- Environmental Risk
- Health & Safety Risk
- Product Risks

Governance

- Corporate Governance
- Business Strategic risk
- Fraud Risk

Other Risks

- Business/Strategic Risk
- Reputation Risk
- Outsourcing Risk
- Contractual Risk
- Physical Security Risk

Training

- Customized Training
- Regular Risk Management Training
- Online Training material
- Workshops

Recruitment

- Virtual Risk Managers
- Full Time Risk Professionals
- Part time Risk Professionals
- Risk Managers on call – free

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THANKS