

**HAND BOOK**

**ON**

**CORPORATE SOCIAL  
RESPONSIBILITY POLICY**

**OF**

**COCHIN INTERNATIONAL  
AIRPORT LIMITED**

**(amended upto 25<sup>th</sup> February 2022)**

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## **INTRODUCTION**

Corporate Social Responsibility (CSR) is Company's commitment to its stakeholders for a common social goal that demonstrates its commitments by adoption of appropriate strategies and projects especially to align with the business of the Company in an economically, socially and environmentally sustainable manner.

Stakeholders of Cochin International Airport Limited (CIAL) include persons directly connected with the activities of CIAL, its employees, shareholders, investors, business partners, clients, customers, Government & Non-Government organizations, NGOs, local communities and local self-governments.

CSR covers a diverse range of issues such as basic infrastructure development, education, community health & sanitation, capacity building, gender empowerment etc. CSR is not just a social obligation to be carried out; but a way of going beyond business as usual and contributing to the society and environment at large. CIAL is dedicated to the cause of empowering people, educating them and improving the quality of their lives.

## **PURPOSE**

CIAL is committed in identifying and supporting programs aimed at:

- basic infrastructure development, education, sports, community health & sanitation, capacity building, gender empowerment, disaster management activities etc., and also
- reducing negative impact of its operations on the environment

CIAL is committed to uphold the highest standards of corporate social responsibility. CIAL aims in improving the quality of life of the communities. CIAL believes in positively impacting the environment and supporting the communities we operate in, focusing on sustainability of our programs and empowerment of our communities.

This policy will serve as a guiding document to help, identify, execute and monitor CSR initiatives of the Company.

The CSR policy would function as a self-regulating mechanism for CIAL's CSR activities and enable adherence to laws, ethical standards and international practices in this regard.

## **CSR COMMITTEE**

The Corporate Social Responsibility Committee (CSR Committee) is the governing team that will frame the scope of CSR activities of the Company and ensure compliance with the approved CSR Policy.

Pursuant to Section 135 of the Companies Act 2013, a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, **out of which at least one Director shall be an Independent Director.**

The committee will meet at least two times in a year. The following shall be the terms of reference of the committee.

- To formulate CSR policy, strategies and goals
- To monitor company's CSR policy and performance
- To review CSR projects / initiatives from time to time
- To ensure legal and regulatory compliance while executing the CSR activities
- To ensure reporting and communication to stake holders on CIAL's CSR projects/initiatives

In accordance with the provisions of the Companies Act 2013, the Board of Directors of CIAL has reconstituted a subcommittee of Directors called CSR Committee with the following members:

<b>Sl.No:</b>	<b>Name of Members</b>	<b>Designation</b>
1.	Sri. P. Rajeeve / Nominee Director	Chairman
2.	Sri. K. Rajan / Nominee Director	Member
3.	Smt. Aruna Sundararajan / Independent Director	Member
4.	Sri. S. Suhas IAS / Managing Director	Member

## **ACTIVITIES TO BE UNDERTAKEN UNDER CSR**

- a) The activities proposed to be undertaken under CSR shall include all the activities mentioned in Schedule VII under Section 135 (3) (a) of the Companies Act 2013 (Henceforth, the Companies Act 2013 will be referred to as the 'Act 2013') and also any other activities not covered under Schedule VII but included under the head of Scope of CSR Programs.(given in the subsequent pages)
- b) The company will give preference to the stake holders directly impacted by its operation for CSR activities. Though, such stakeholders are generally located in a wide geographical area, CIAL will accord priority for CSR activities in the local areas and neighborhood areas of its operations.
- c) Ongoing CSR programs or activities will qualify as valid CSR activities and will be completed as approved.
- d) The Company will take into account its commitment to its stakeholders while selecting CSR activities, provided such activities qualify as CSR activities under the Act 2013.
- e) Priority will also be accorded for CSR activities in local backward areas as identified by the CSR Committee.
- f) CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.

### **However, the following activities will not be considered as CSR activities:**

- (i) Activities undertaken in pursuance of normal course of business of the Company.
- (ii) Activities that benefit only to the employees of the Company.
- (iii) Activities taken up under R & D
- (iv) Contribution of any amount directly or indirectly to any Political party.
- (vi) Any activity not approved by the Board or competent authority as decided by the Board

## **ADMINISTRATIVE SET UP**

### **A) Role of the Board of Directors**

1. The Board shall constitute a CSR Committee consisting of three or more Directors out of which at least one Director shall be an Independent Director.
2. Approve the CSR Policy for the Company
3. Disclose the contents of the Company CSR Policy in the Report of the Board Directors.
4. Ensure placing of the contents of the CSR Policy on the website of the Company
5. Ensure that the CSR Policy is implemented.
6. Approve the methodology proposed by the CSR Committee for transparent monitoring the progress of implementation of the CSR activities.
7. The Board will decide the periodicity of reporting the progress in implementation of the CSR activities, to the Board.
8. Ensure that the Company spends annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in Section 198 of the act 2013]
9. Disclose the composition of the CSR Committee in Report of the Board of Directors
10. Disclose about the CSR policy and its implementation in Report of the Board of Directors
11. When the Company fails to spend the specified amount for CSR activities, the Board must specify the reasons for the inability to spend the said sum, in the Report of the Board of Directors.

**B) Role of CSR Committee**

1. Formulate and recommend CSR Policy to the Board.
2. Indicate the activities to be undertaken by the Company as specified in Schedule VII.
3. Recommend the amount of expenditure to be incurred on the CSR as per provisions of the Act.
4. Approve the projects and programs to be undertaken by the Company in pursuance of the approved CSR policy.
5. The CSR Committee shall ensure a transparent monitoring mechanism for CSR activities.



## **SCOPE OF CSR PROGRAMME**

The broad areas of CSR initiatives to be extended by the Company are -

1. Education
2. Irrigation, water supply including drinking water.
3. Health care by providing medical facilities and medicines
4. Environment
5. Social empowerment
6. Infrastructure for Village Electricity / Solar light. Recurring expenditure should be borne by the beneficiaries
7. Sports and Culture
8. Generation of employment.
9. Infrastructure support
10. Grant/donation/financial assistance/sponsorship to reputed NGOs of the society/locality doing/involving in upliftment of the standard of the society
11. Relief of victims of natural calamities like earthquake, cyclone, draught and flood situation in any part of the country
12. Disaster management activities including those related to amelioration/mitigation
13. Adoption of village for carrying out the activities like infrastructural development, for e.g: Road, water supply, electricity and community center

## **DETAILED CSR PROGRAMMES**

The detailed areas of CSR programs to be initiated by the Company are -

### **a) Education**

- i) Financial support to –
  - Primary, Middle, Higher Secondary schools and Technical / Vocational Institutes for their self-development.
  - Academic education to Primary, Middle and Higher Secondary schools.
  - Awareness programs on girls' education.
  - Adult literacy programs especially among those belonging to BPL.
  - Parents counseling programs.
  - Special education, training and rehabilitation of mentally and physically challenged children/persons
- ii) Providing job oriented training at CIAL Academy to the family members of land evictees in connection with the construction of Cochin International Airport.

### **b) Irrigation, water supply including drinking water**

- Providing assistance for irrigation facilities
- Installation / Repair of hand pumps / Tube wells
- Digging / renovation of wells
- Development/construction of water tanks / Ponds
- Rain water harvesting Scheme
- Drinking water supply to Panchayats

### **c) Contributions to the following Health Awareness Camps and providing medical facilities and medicines -**

- Providing medical facilities including infrastructure development and equipments to Government owned Primary, Taluk, District and Medical College Hospitals
- Social evils like alcohol, smoking, drug abuse etc.
- AIDS, TB and Leprosy
- Child and mother care
- Diet and nutrition
- Blood donation camps
- Diabetics detection and hypertension camps
- Family welfare

#### **d) Environment**

Financial support to –

- Green belt development
- Organizing programmes on Environment management and Pollution Control
- Afforestation, social forestry, check dams, parks
- Plantation of saplings producing fruit
- To enable enhanced livelihood and quality of life, promote environment sustainability through various initiatives for:
  - Ecological sustainability
  - Promoting biodiversity
  - Conservation of natural resources
  - Maintaining quality of soil, air and water
  - Promoting renewable energy
  - Developing gardens and river fronts

#### **e) Social empowerment**

- Financial assistance for self & gainful employment opportunities on welding, fabrication and other electronic gadgets
- Providing assistance to villagers having small patch of land to develop organic farming, medicinal plants farming and other cash crops to make them economically dependent on their available land resources
- Organize training programs for women on tailoring, embroidery, designs, home food / fast food, pickles, painting and interior decoration and other vocational courses
- Care for senior citizens and destitutes.

#### **f) Village Electricity / Solar Light**

- To develop infrastructural facilities for providing electricity through Solar lights or alternative renewable energy to the nearby panchayats. Recurring expenditure should be borne by the beneficiaries.
- To provide financial assistance for street lighting to nearby panchayats. (only capital cost shall be borne by CIAL)

### **g) Sports and Culture**

- Promotion of sports and cultural activities for participation in State and national level by college / school students.
- Promotion/development of sports activities in nearby panchayats by conducting / sponsoring tournaments.
- Providing sports materials for football, volley ball, hockey sticks etc. to young / talented players
- Sponsorship of national sports events
- Sponsorship for sports and cultural activities of physically incapable / mentally retarded children.

### **h) Generation of employment**

Financial support to the backward community people for creating self-employment in the areas of organic farming, dairies, poultries, piggery etc.

### **i) Infrastructure support – construction, repair, extension etc.**

- Auditorium
- Educational Institutions
- Rural Dispensaries initiated by reputed NGOs.
- Mobile Crèches.
- Bridges, Culverts and Roads,
- Check Dam
- Shopping Complex to facilitate business / self-employment for local people
- Community Centre
- Public toilets
- Bus shelter in Bus Stand
- Development of Parks / Playground / Sports complex
- Old Age Homes

### **j) Other areas**

CIAL will continue to provide support to specific needs such as natural disasters, through financial as well as logistical support. The CSR Committee of CIAL may from time to time, choose select areas in addition to those specified above in the course of fulfillment of the CSR objectives of CIAL.

### **Monitoring of CSR Activities:**

- ❖ The CSR Committee will be responsible for setting up a transparent monitoring system of the CSR activities of the Company.
- ❖ The Board may be kept informed regarding the progress in implementation of the CSR Policy and activities in keeping with the periodicity decided by the Board.

## **Reporting:**

### **A) Role of the Board**

- The Directors' Report on CSR activities pertaining to a financial year commencing on 1<sup>st</sup> Day of April 2015 shall include an annual report on CSR containing particulars specified in the Companies (CSR) Rules.
  
- The Board shall disclose the contents of the CSR Policy in its Report and also have the same placed on the website of the Company.
  
- If the Company fails to spend the specified amount for CSR activities, the Board must disclose the reasons for inability to spend the said sum in the Board's Report.

### **B) Role of the CSR Committee**

- The CSR Committee will periodically submit reports on implementation of CSR Policy to the Board of Directors as directed by the Board.
  
- The CSR Committee will issue a responsibility statement, signed by the Chairman of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

### **Funding of CSR activities:**

- a) The Company will be required to spend annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for the Section 198 of the Act 2013.]
- b) Resources may be pooled with other companies for taking up highvalue projects; which have greater visibility, more number of beneficiaries, and wider and long lasting visible impacts. However, CSR Committees of respective companies should be in a position to report separately on such projects or programs in accordance with the respective companies CSR Rules.
- c) Any surplus funds arising out of CSR projects or programs or activities shall not form part of the business of the Company. The CSR Committee may recommend for approval of the Board, schemes forutilizing such funds for CSR activities.
- d) The projects / activities sanctioned during previous years under CSR or sustainable development shall continue. Appropriate funds shall be provided to them till their completion.
- e) CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on recommendation of its CSR Committee, but do not include any expenditure on item not in conformity or not in line with the activities fall within the purview of Schedule VII of the Act.

## **CONCLUSION**

This policy shall stand modified by the provisions of the Companies Act / Companies (CSR) Rules as amended from time to time and Government guidelines as and when these are in place and made enforceable.

This CSR policy booklet would serve as the referral document for planning and selection of CSR activities. Any doubt(s) arising thereon, it is advised to refer the provisions of Companies Act 2013 & Companies (CSR) Rules to avoid any inconsistency.

The power to modify / amend the CSR Policy will rest with the Board of Directors.

The Chairman of the CSR Committee / CIAL will be responsible for framing the Rules in accordance with and in furtherance of the CSR Policy 2015, as approved and as amended by the Board from time to time and also for the overall implementation of the CSR Policy 2015.



**HAND BOOK**

**ON**

**WHISTLE BLOWER POLICY**

**OF**

**COCHIN INTERNATIONAL  
AIRPORT LIMITED**

**(Approved with amendments as on 21<sup>st</sup> April 2022 vide  
Resolution No:12/131 of 131<sup>st</sup> Board Meeting)**

# COCHIN INTERNATIONAL AIRPORT LIMITED WHISTLE BLOWER POLICY

## Introduction

This policy formalizes Cochin International Airport Limited's (CIAL) commitment to provide Directors and employees an avenue to raise concerns in circumstances where they believe that anyone in CIAL is engaged in, unethical / inappropriate practices prejudicial to the interests of CIAL; or not in line with the policies or culture of CIAL.

### 1. Preface

- 1.1 The Board of Directors of CIAL under Section 177(9) of the Companies Act, 2013 desires to have a Vigil Mechanism/Whistle Blower Policy for directors and employees, to report genuine concerns in such manner as prescribed in this policy.
- 1.2 CIAL believes that the conduct of its affairs is in a fair and transparent manner. Directors, Officers, and employees are duty-bound to practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.
- 1.3 CIAL is formulating this policy to uphold the principles of professionalism, honesty, integrity and ethical behaviour in all its activities.
- 1.4 This policy provides framework to promote a responsible and secure whistle blowing. It aims to safeguard the employees from reprisals or victimization on account of whistle blowing in good faith.
- 1.5 However, this policy neither releases employees from their duty of confidentiality in the course of their work, nor a route for taking up a grievance in a personal situation.

### 2. Definitions

- 2.1 "Disciplinary Action" means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- 2.2 "Director" means a director appointed to the Board of CIAL.
- 2.3 "Employee" means every officer and employee of CIAL(including a casual/ temporary worker)

- 2.4 “Protected Disclosure” means a concern / complaint raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- 2.5 “Subject” means a person against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- 2.6 “Whistle Blower” is someone who makes a Protected Disclosure under this Policy.
- 2.7 “Whistle Officer” or “Committee” means an Officer or Committee of persons who is nominated / appointed to conduct detailed investigation.
- 2.8 “Ombudsperson” will be a person, including a full time senior employee, well respected for his/her integrity, independence and fairness. She / he would be authorized by the Board of Directors of CIAL for the purpose of receiving all complaints under this policy and ensuring appropriate action. Board of Directors shall have the authority to change the Ombudsperson from time to time.
- (During the 131<sup>st</sup> meeting of the Board of Directors of Cochin International Airport Limited held on 21<sup>st</sup> day of April 2022. the Board appointed Sri. Saji K. George, Company Secretary as Ombudsperson under this Policy).
- 2.9 “Committee of Directors” means a committee consisting of Whole-time Directors of the company charged with the responsibility of taking disciplinary/ corrective actions under the policy based on advice by the Ombudsperson.
- 2.10 “Audit committee” means a subcommittee constituted by the Board of Directors as required under Section 177 of the Companies Act, 2013.
- 2.11 “Chairperson of the Audit committee” means the Director acting as the Chairperson of the committee.

### **3 The Guiding Principles**

- 3.1 The Company will -
- 3.1.1 ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
  - 3.1.2 treat victimization as a serious matter including initiating disciplinary action on such person(s);
  - 3.1.3 ensure complete confidentiality;
  - 3.1.4 not attempt to conceal evidence of the Protected Disclosure;
  - 3.1.5 take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made or to be made;
  - 3.1.6 provide an opportunity of being heard to the persons involved especially to the Subject.

## **4. Policy**

- 4.1 This Policy, as defined hereunder is for Directors and employees.
- 4.2 This policy governs reporting and investigation of allegations of suspected improper activities summarized in paragraph 5.
- 4.3 Employees, Directors and others are encouraged to use guidance provided by this policy for reporting all allegations of suspected improper activities.
- 4.4 If an employee or director discovers information, which he/she believes a serious malpractice, impropriety, abuse or wrong doing within the organization, then this information should be disclosed without fear of reprisal.

## **5. Coverage of Policy**

- 5.1 This policy encourages directors and employees to report any instances given below:
  - a) Committing of a criminal offence
  - b) Violation of any law
  - c) Breach of legal or regulatory requirements
  - d) Illegal activities including but not limited to criminal offences
  - e) Breach of company's business policy and procedure including abuse of authority
  - f) Any action which adversely impact the health, safety, human rights or well-being of an employee
  - g) Any action likely to impact the credibility and image of the Company
  - h) Any event which will cause damage to the environment
  - i) Gross misappropriation of public funds or the company's resources
  - j) Gender discrimination / victimization
  - k) Abuse of authority collectively referred to herein as "alleged wrongful conduct".
  - l) Bribes or kickbacks
  - m) Manipulation of Company data / records
  - n) Any kind of inducement to an offence
  - o) Any other unethical, biased, favoured, imprudent act.
- 5.2 Policy should not be used in place of the grievance procedures of CIAL or be a route for raising malicious or unfounded allegations against colleagues.

## 6. Disqualifications

- 6.1 While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- 6.2 Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intention.
- 6.3 Whistle Blowers, who make any Protected Disclosures which she / he knows at the time of disclosure is not a protected one or which is subsequently found to be made *mala fide* shall face disciplinary action under the code of conduct of CIAL.

## 7. Manner in which concerns can be raised

- 7.1 The Directors and employees can make protected disclosure to Ombudsperson, as soon as possible but not later than 30 consecutive days after becoming aware of the same. Ombudsperson can be reached at [ombudsperson@cial.aero](mailto:ombudsperson@cial.aero)
- 7.2 In exceptional cases, the Whistle blower can send a written complaint addressed to the Chairperson of Audit Committee, Cochin International Airport Limited, Room No: 35, GCDA Commercial Complex, Marine Drive, Cochin – 682031
- 7.3 Whistle blower must state his/ her name in allegations. Concerns expressed anonymously will not be usually investigated but subject to the seriousness of the issue raised, the Ombudsperson can initiate investigation independently.
- 7.4 If initial enquiries by the Ombudsperson indicate that the concern has no basis, or it is not a matter to be investigated or pursued under this Policy, it may be dismissed at this stage and the decision is documented.
- 7.5 Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Ombudsperson alone, or by a Whistle Officer/Committee nominated by the Ombudsperson for this purpose. The investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.
- 7.6 Name of the Whistle Blower shall not be disclosed to the Whistle Officer/Committee.
- 7.7 The Ombudsperson/Whistle Officer/Committee shall:

- i) Make a detailed written record of the Protected Disclosure. The record will include:
  - a) Facts of the matter
  - b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
  - c) Whether any Protected Disclosure was raised previously against the same Subject;
  - d) The financial/ otherwise loss which has been incurred / would have been incurred by CIAL.
  - e) Findings of Ombudsperson/Whistle Officer/Committee;
  - f) The recommendations of the Ombudsperson/Whistle Officer/Committee on disciplinary/other action(s).
- ii) The Whistle Officer/Committee shall finalize and submit the report to the Ombudsperson within 30 days of being nominated / appointed.

7.8 On submission of report by the Whistle Officer /Committee, the Ombudsperson shall–

- In case the Protected Disclosure is not proved, extinguish the matter.
- In case the Protected Disclosure is proved, depending upon the seriousness of the matter he / she may either accept the findings of the Whistle Officer /Committee and take such disciplinary action as he / she may think fit and take preventive measures to avoid re-occurrence of the matter or refer the matter to the Committee of Directors (Whole-time Directors) with proposed disciplinary action/counter measures.
- The Committee of Directors may take such Disciplinary Action as they may think fit and take preventive measures to avoid re-occurrence of the matter or if thinks fit, may further refer the matter to the Audit Committee for necessary action with its proposal.

In case the Audit Committee thinks that the matter is too serious, it can further place the matter before the Board with its recommendations. The Board may decide the matter as it deems fit.

7.9 The complainant will receive acknowledgement on receipt of the concern. Subject to legal constraints, he/she will receive information about the outcome of any investigations.

7.10 In exceptional cases, where the whistle Blower is not satisfied with the outcome of the investigation and the decision, he/she can make a direct appeal to the Chairperson of the Audit Committee.

7.11 A whistle blower who made a protected disclosure, is of view that he is victimized in any way, can also prefer a direct appeal to the Chairperson of the Audit Committee.

7.12 The Ombudsperson shall report to the audit committee the number of whistle blower cases received by him and investigations made and the outcome of the investigation at least on a half yearly basis to facilitate the overview and smooth functioning of the Vigil Mechanism/Whistle Blower Policy.

## **8. Protection**

- 8.1 The identity of the Whistle Blower shall be kept confidential.
- 8.2 Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.
- 8.3 No unfair treatment will be confronted to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
- 8.4 The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat, intimidation, termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, victimization any type of harassment, biased behaviour or like, including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue or to perform his/her duties/functions including intimation of further Protected Disclosure.

## **9. Secrecy/Confidentiality**

The Whistle Blower / Subject / Whistle Officer / everyone involved in the process shall:

- i. maintain complete confidentiality/ secrecy of the matter
- ii. not discuss the matter in any informal/social gatherings/ meetings
- iii. discuss only to the extent or with the persons required for the purpose of completing the investigations
- iv. not keep the papers unattended anywhere at any time
- v. keep the electronic mails/files under password

If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action, as considered fit.

## **10. Reporting**

- 10.1 An annual report showing the details of complaints received under the Policy and their outcome shall be placed before the Audit Committee and / or the Board.
- 10.2 The company shall annually affirm that it has not denied any personnel access to the Audit Committee of the Company in respect of matters involving alleged misconduct and that it has provided protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices.

## **11. Amendment**

- 11.1 The Audit Committee shall from time to time review the functioning of the Whistle Blower mechanism.
- 11.2 The Board of Directors of the Company has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.



**HAND BOOK**

**ON**

**CODE OF CONDUCT  
FOR  
INDEPENDENT DIRECTORS**

**OF**

**COCHIN INTERNATIONAL  
AIRPORT LIMITED**

## **CODE FOR INDEPENDENT DIRECTORS**

Code for Independent Directors such as guidelines of professional conduct, Role and functions, Duties of Independent Directors etc., as laid down in the Companies Act 2013 are given below:

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 there under 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 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 three months 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 financial 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.

### **DUTIES OF DIRECTORS AS PER SECTION 166 OF COMPANIES ACT, 2013**

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.