

Akzo Nobel India Limited

Familiarization Program for Independent Directors

Introduction/ Purpose

The Companies Act, 2013 contains a number of provisions which will help the directors and the companies to ensure better corporate governance. In keeping with the need to synthesize corporate laws, the Equity Listing Agreement has also been revised such that Clause 49 provides that companies should conduct "familiarization programs" for the independent directors so as to provide insights about the background of the company, their roles, responsibilities etc.

Periodicity

There is no prescribed periodicity under the Act regarding familiarization program of the Directors/ Independent Directors except that it should be regular. Hence, the Board of Directors is encouraged to continue training sessions to ensure that the Independent Directors are updated with latest information on the Company, their role, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. Such familiarization process will be revised from time to time in order to provide more information to Independent and Non-Executive Directors to enable them to contribute significantly to the growth of the Company.

Process

Though the Company has been following such principles and conducting regular familiarization sessions since past for new Directors including Independent Directors, a few initiatives under familiarization programs are outlined below:

A. Induction on joining the Board of Directors of the Company

Any Director joining the Board of the Company shall be taken through the following as a part of induction process:

- Memorandum of Association and Articles of Association of the Company
- Annual Reports of last three years
- Code of Conduct for Directors and Senior Managerial Personnel
- Note on Directors roles and responsibilities
- Policy Handbook of the Company comprising of policies on various business aspects and practices
- Organizational Chart of the Company
- List of Contact details of the Directors, Senior Managerial Personnel and their personal / executive assistants.
- Publicity material of the Company that explains the range of products, services and solutions offered by the Company to its clients
- Note on the budget of the Company for the particular Financial Year

B. Familiarization through meetings and presentations on:

- Control Environment
- Shareholding pattern- ownership distribution
- Major cash flow items
- Rules on CSR introduced which would require the listed companies above a certain size to contribute 2% of average profit before tax for 3 years towards CSR activities.

- Loans, Guarantees and Investments
- Dividend & Depreciation
- Such other matters

C. Background of the Board of Directors of the Company

- Directors –Independent Directors and Woman Director
- Directors – Meetings, Duties, Directorships & Reports
- Key Management Personnel

D. Discussion on applicability of Companies Act, 2013 and other laws to the Company

- List of applicable sections of the Companies Act, 2013 and identification of action items on the Management
- Such provisions and clauses from the Listing Agreement and other laws
- Orientation on Statutory Compliances
- Various committees of the Board

E. Duties of Directors

- Duties of the Independent Directors under Schedule IV Part 3 of the Companies Act, 2013;
- Duties and responsibilities arising from the SEBI's Equity Listing Agreement;
- General responsibilities of the Directors.
- Penal provisions for non-compliance of the above under various laws applicable to the Company

Such programs / presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

Disclosure of the Policy

Further, as provided under the listing agreement, the company is required to disclose the details of such familiarization programs on the company's website.