

## **Training Course for Non-Executive Directors**

A Practical Course of Two Days Designed to Increase Effectiveness as a Non-Executive Director

*Course Leader:*

Mr. Hemant Paliwal  
*Managing Partner*  
HPACS Consulting  
*Management Consultant*

*During the two days the following topics will be covered:*

- . The Role of the Board
- . Board Independence
- . Responsibilities of Non executive Directors
- . The Legal Position of Non-executive Directors
- . The Appointment Process
- . The Remuneration Committee
- . The Audit Committee
- . Chairing the Board & Board Committees
- . How you can make a Rewarding and Effective Contribution as a Non-executive Director

There is no doubt that the demand for, and the responsibilities of non executive directors are increasing significantly. In the main it is the Clause 49 of the Listing Agreement and section 292A of The Companies Act 1956, which have created the extra demand for non-executive directors while also directing the spotlight upon their purpose and their effectiveness. The public sector has paralleled these developments.

*Who should attend?*

This course has been designed to give non-executive directors and others an excellent opportunity to consider and discuss the developing non executive director role in a relaxed setting led by an experienced practitioner. The objective is that participants will obtain a keener application of their duties and how in practice they may be fulfilled successfully in the contemporary context:

- . Non-executive board members in post.
- . New non-executive directors as part of their induction training
- . Those available to take on non-executive responsibilities
- . Chairs of board and board committees
- . Company secretaries responsible for serving boards and their members. Chief executives and other Executive Directors keen to maximize the contribution of their non-executive board members.

While the course has been modeled around the listed company context, care has been taken to ensure relevance for directors of unlisted companies as well as members of boards of governmental and other entities.

The course is also intended for chairmen, chief executives, company secretaries and professional advisors who are involved in ensuring that non executive board members have every opportunity to be effective.

### *Interactive Approach:*

A feature of these two days is the use of mini case studies as part of most sessions - to provide the 'opportunity to discuss realistic situations which typically arise'. The two days are highly interactive, with maximum opportunity to benefit from debate and from the sharing of experiences.

## **The Non-Executive Director Program**

### **Day One:**

#### **0930 Welcome and Introduction**

- . Distinguishing between the role of 'the board' and 'management'. Unitary and two-tier boards
- . What makes a non-executive director 'independent'?
- . The value of an independent element on the board
- . Determining what board committees to have, and the non executive director involvement on these committees
- . The Kumar Mangalam Report
- . The Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956 - its Structure and its status

#### Session Background

*The case for non-executive directors and pre-requisites for their effective performance*

#### **1000 Introduction to the General Responsibilities of Non-executive Directors**

- . Respective responsibilities of shareholders, chairmen, boards, chief executives and management
- . Responsibility for both strategy and control
- . Oversight and encouragement of management
- . Influencing ethics, corporate responsibility, sustainability and the 'tone at the top'
- . Investor relations and being informed of the views of shareholders
- . The meaning of 'balanced boards'
- . The board as a team - the united and divided board
- . The developing role of the 'senior non-executive director'

#### Session Background

*What companies and their non-executive board members should expect to be the contribution of the non-executive directors*

#### 1100 Coffee

#### **1115 The Legal Position of Non-executive Directors**

- . General and specific legal duties of directors
- . Illegal acts by directors
- . Implications of stewardship responsibilities
- . Responsibility for financial and other information published in the name of the board
- . The extent of requisite financial expertise
- . The relevance of background and expertise in determining an individual directors' culpability

## Session Background

*There are serious legal responsibilities, as well as potential illegal acts, which apply to directors whether executive or non-executive*

1300 Lunch

### 1400 **The Appointment and Nomination Committee.**

- . The nomination committee - its membership and its functioning. How to contribute effectively as a nomination committee member . Planning board succession.
- . Identifying qualities sought for directorship positions
- . Finding and appointing new directors
- . Using search consultants
- . Due diligence before accepting a board position
- . Directors' contracts

## Session Background

*Non-executive directors have a key role to play in determining the composition of the board in a professional way - especially through the auspices of the board's nomination committee. The majority of this committee, as well as its chairman, are likely to be non-executive directors. There is a concomitant obligation for prospective new board members to take care before accepting a non-executive appointment*

1500 Coffee

### 1515 **The Remuneration Committee.**

- . Non-executive membership of this committee.
- . Meetings and attendance.
- . How to contribute effectively as a remuneration committee member.
- . Committee's responsibilities for determining all elements of top executive remuneration and Compensation.
- . Components of executive remuneration and determining what they should be.
- . Shareholder approval of the company's remuneration policy.

## Session Background

*The principle is that no director should participate in decisions relating to his or her own remuneration. So the remuneration committee, comprising exclusively non-executive directors, determines the remuneration, in all its forms, of the executive directors and perhaps other senior executives too.*

1630 End of Day One

## **Day Two:**

0900 Coffee

### 0930 **The Audit Committee**

- . Non-executive membership of this committee
- . Meetings and attendance
- . Responsibilities to advise the board on:
  - the reliability of financial and other reporting
  - the effectiveness of risk management and internal control
  - the effectiveness of internal audit
  - the whistle blowing policy of the entity

- . The US position and the implications of the Sarbanes-Oxley Act and making the audit committee effective.
- . How to contribute effectively as an audit committee member.

#### Session Background

*The traditional rationale for audit committees had to do with the individual responsibility of directors, including non-executive directors, for the reliability of published financial statements. Non executive directors needed a non-executive forum at which to scrutinize draft financial statements before they were adopted by the whole of the board for publication. Progressively the responsibilities of audit committees have become extended.*

1100 Coffee

1115

#### **Making and Rewarding an Effective Contribution as a Non-executive Director**

- . What does a non-executive director bring to the board?
- . Induction training and on-going training and development of non-executive directors.
- . What is an acceptable extent of non-executive director involvement?
- . Non-executive director time commitment.
- . Containing the workload within manageable proportions.
- . Practical advice on a focused approach by non-executive directors to ensure they are effective.
- . Determining the fees that non-executive directors receive.
- . The 'risk-reward' ratio.
- . Directors insurance.

#### Session Background

*At the heart of this course has to be practical advice to enhance the performance of individual non-executive directors*

1300 Lunch

#### **1400 Chairing the Board and Board Committees.**

- . Qualities sought in chairmen
- . Executive or non-executive chairmen?
- . Responsibilities of chairmen for the success of their board or board committee.
- . The chairman's responsibilities outside of the meetings themselves. Practical advice to chairmen on ensuring board or board committee success.

#### Session Background

*Board and board committee chairmanship usually falls upon some of the non-executive board members. The chairman of the board or of a board committee, is responsible for the effectiveness of that body and it is not just a matter of chairing meetings well.*

1500 Coffee

1515

**Evaluating, rewarding the performance of Boards and Board Committees and the performance of their chairmen and members.**

- . How to evaluate board, board committee, chairman and individual director performance
- . Follow-up after evaluation
- . Guidance in the Higgs Review and the 2003 Combined Code
- . Turning round an ineffective boards and board committees
- . Removing the unsatisfactory non-executive director.

Session Background

*Arguably the most significant changes brought about by the 2003 Higgs Review and the 2003 Combined Code are to do with the new emphasis upon assessing the performance of the board, chairman, board committee and board member performance*

1630 Close of Course

**About your Course Director**

1. Hemant Paliwal, aged 44 years, is Master of Commerce (M.Com) specialized in Business Administration from University of Rajasthan, Jaipur (India). He is a qualified Company Secretary and became Fellow Member of the Institute of Company Secretaries of India in 1995. About the institute visit: <http://www.icsi.edu/> He is member of American Society of Corporate Secretaries (ASCS) New York USA. Web: <http://www.ascs.org/> He is also member of The Institute of Chartered Secretaries and Administrators, U.K., Web: [www.icsa.org.uk](http://www.icsa.org.uk) He is also member of All India Management Association (AIMA) New Delhi, Web: [www.aima-ind.org](http://www.aima-ind.org) He has participated and contributed in various professional development seminars and presented professional papers.

He has over 24 years of total experience as Corporate Professional and he has worked in Industries as Company Secretary in India. Presently as Practicing Company Secretary, he has successfully managed areas of Corporate Finance and Rehabilitation Packages for Sick Units, Winding-up matters, Joint Venture Agreements with overseas companies, formation of companies in India and abroad and regular continual compliance thereof and drafted schemes of takeovers, Company Secretarial Audits, Securities and Exchange Board of India (SEBI) related matters, international secretarial services, taxation, and various corporate affairs. He has also successfully carried out investigations of frauds and implementation of terms and conditions of financial packages sanctioned to the borrower Companies on behalf of the Financial Institutions and Banks.

He can be contacted at e-mail:[hemant@hpacs.com](mailto:hemant@hpacs.com)

**The training course is organized for directors of individual company or of a small group of companies. The venue and dates of the training are settled in consultation of the specific client company (ies) or group of individual directors, who wish to enrich their effectiveness in the “Board Room”.**

For attending the course Call Today: +91-11-42401301 / 42401302 Fax: +91-11-22621815  
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