GOVERNANCE

- ® Governance is the term for the way a group of people such as a country do things.
- ® Many groups create a government to decide how things are to be done.
- ® Governance is different from politics.


Board governance
Governance
Strategy
Talent
Performance
Risk governance
Integrity
Culture
Planning
Risk management
Reporting
Operations
Compliance
Corporate governance infrastructure

CORPORATE GOVERNANCE

- Corporate governance is the way an organization is governed. It is the method by which companies are directed and managed. It is all about balancing individual and societal objectives, as well as, economic and social goals.
- CONDUCT OF BUSINESS in accordance with shareholders desires (maximizing wealth) while confirming to the basic rules of the society embodied in LAW and LOCAL CUSTOM.

WHY CORPORATE GOVERNANCE ?

- Better access to external finance.
- Lower cost of capital - interest rates on loans.
- Improved company performance - sustainability.
- Higher firm valuation and share performance.
- Reduced risk of corporate crisis and scandals.

FOUR PILLARS OF CORPORATE GOVERNANCE

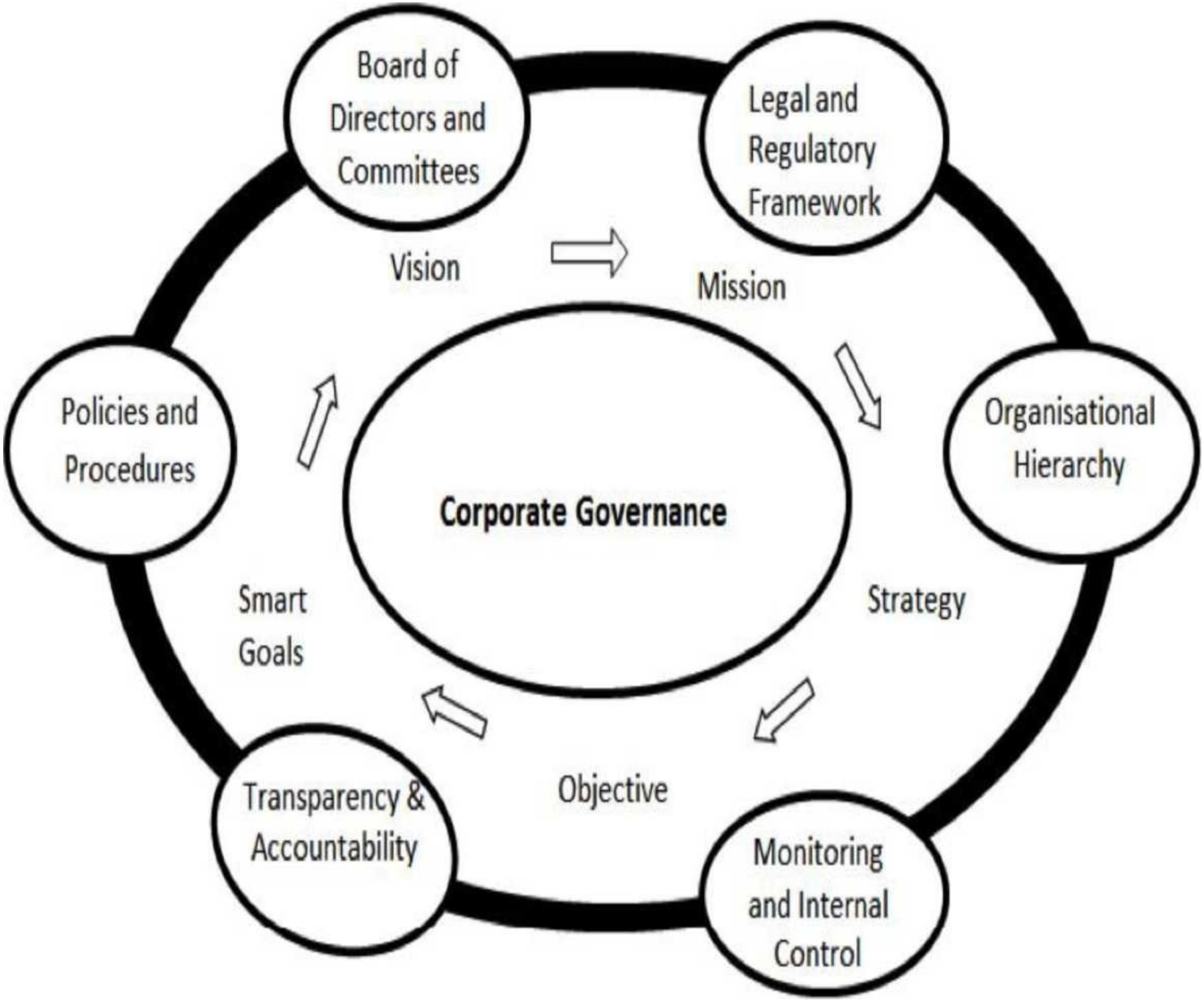
® ACCOUNTABILITY

® FAIRNESS ®

TRANSPARENCY ®

INDEPENDENCE

PRINCIPLES OF CORPORATE GOVERNANCE


Board of Directors and Committees
Legal and Regulatory Framework
Organisational Hierarchy
Monitoring and Internal Control
Transparency & Accountability
Policies and Procedures
Vision
Mission
Strategy
Objective
Smart Goals
Corporate Governance

1. LAY SOUP FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

- The Board is responsible for:
- Oversight of the Bank, including its control and accountability systems
- Appointing and removing the managing Director, deputy managing Director, executive Directors and senior management
- Formulation of policy
- Input into and final approval of management's development of corporate strategy and performance objectives
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance

2. SmUCTURE THE BOARD TO ADD VALUE

® The Group must ensure that there is a balance of independence, diversity of skills, knowledge, experience, perspective and gender among the Directors. It should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

- The Board ensures that the Bank promotes ethical and responsible decision-making and complies with all relevant policy, laws, regulations and codes of best business practice using the Group's ethics and operating principles.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

- The Board has a structure in place to independently verify and safeguard the integrity of the holding company’s financial reporting, including the internal audit department headed by the chief internal auditor and the establishment, as required by law, of the audit committee, to which the chief internal auditor reports.

5. *MAKE TIMELY AND BALANCED DISCLOSURE*

- The Board shall promote timely and balanced disclosure of all material matters concerning the Bank. To achieve this the Bank has put in place structures designed to ensure compliance with the relevant legislation and to ensure accountability at a senior management level for that compliance

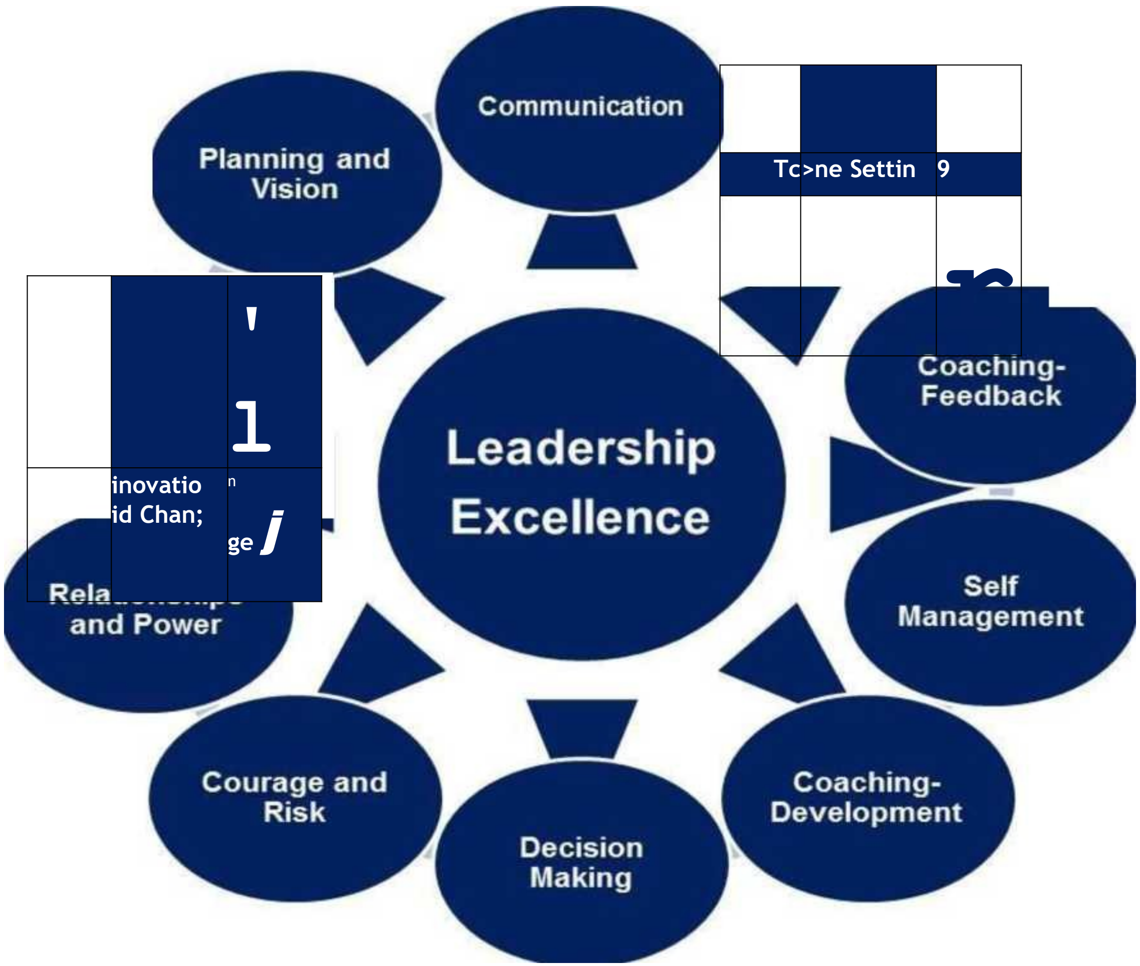
6. RESPECT THE RIGHTS OF SHAREHOLDERS

- The Board respects the rights of shareholders and facilitates the effective exercise of those rights. To this end, the Board has a responsibility, for ensuring that a satisfactory dialogue with shareholders takes place.

ROLE OF COMPANY SECRETARY

The role of CS includes advising the Company's Board of Directors of the Company on good corporate governance practices and compliances with the rules

CS AS KMP



Communication
Planning and Vision
Tone Setting
Coaching-Feedback
Leadership Excellence
Self Management
Relationships and Power
Courage and Risk
Decision Making
Coaching-Development

ELEMENTS OF CORPORATE GOVERNANCE

® Good board practices ® Control environment ® Transparent disclosure ® Well defined shareholders rights ® Board commitment

COMPLIANCE BEYOND LETTER AND

- The letter of the law and the spirit of the law are two possible ways to regard rules or laws. To obey the letter of the law is to follow the literal reading of the words of the law, whereas following the spirit of the law means enacting the intent behind the law.
- WILLIAM SHAKESPEARE wrote numerous plays dealing with the letter-versus-spirit antithesis, almost always coming down on the side of "spirit", often forcing villains (who always sided with the letter) to make concessions and remedy.

CORPORATE GOVERNANC

Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies.

NEED FOR A COMMITTEE TO INVESTIGATE CORPORATE MISMANAGEMENT AND FRAUDS

- It is reported that about 2.50 lakhs companies have been identified for deregistration under the Companies Act as part of the measures against curbing menace of companies engaged in illegal activities, and out of it, about 2.2 lakhs companies were struck off as they were not carrying on any business activity.


ETHICS

ETHICS

- The study of what is right and wrong in human behavior.
- TO CHOOSE between wrong and right is covered under simple ethics
- But choosing between two RIGHTS is a complex ethical practice also which too are mutually exclusive.
- EXAMPLE:

Ethics is a the code of conduct set by a business.

IMPORTANCE OF ETHICS

® Business ethics is an essential skill.

Almost every company now has a business ethics program. In part, that's because technology and digital communication have made it easier to identify and publicize ethical missteps. To avoid the negative implications, companies are devoting more resources to business ethics.

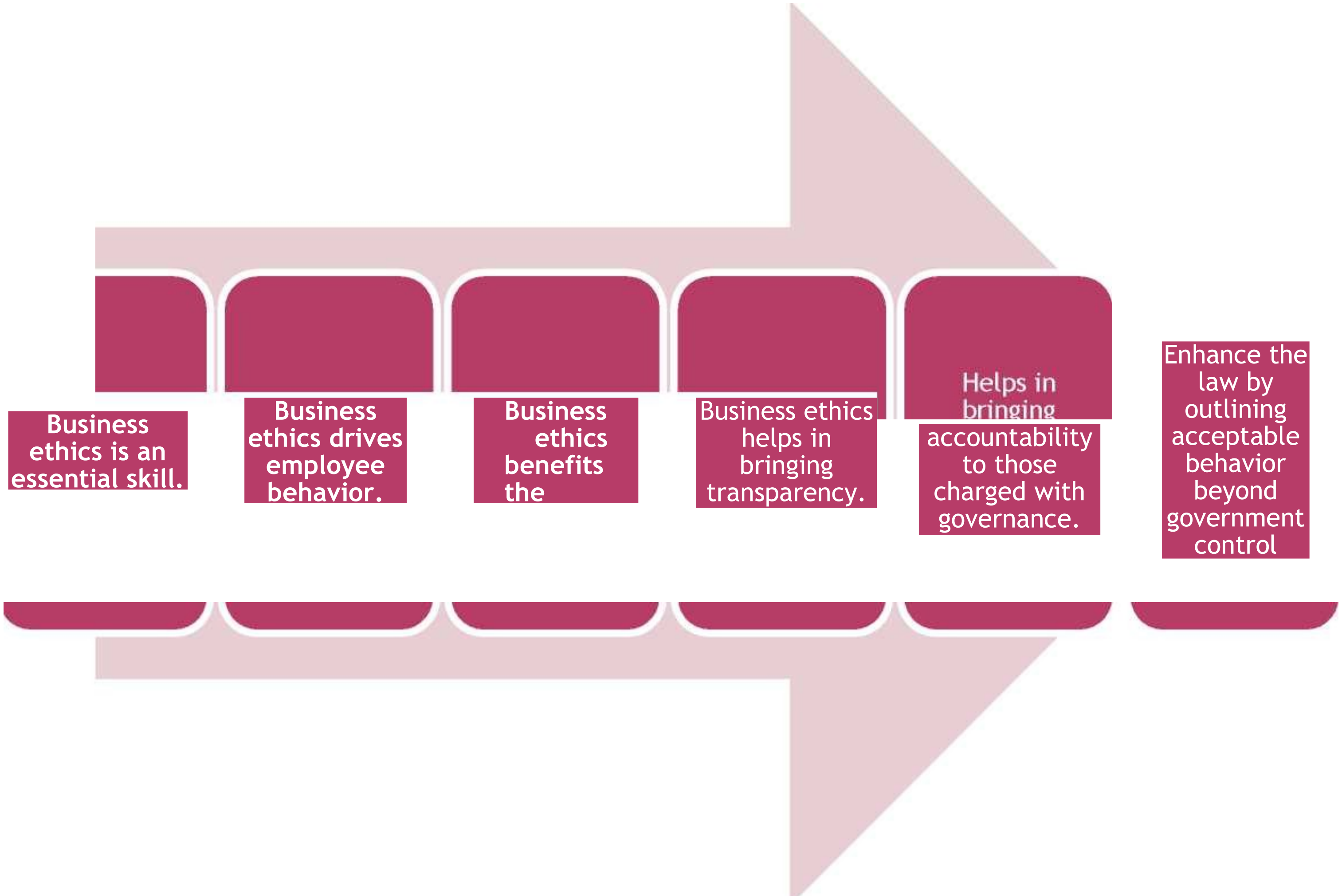
® Business ethics drives employee behavior.

According to the 2018 Global Business Ethics survey, employees are more likely to apply ethical reasoning when their company clearly demonstrates why business ethics is important. Ninety-nine percent of U.S. employees who experience a strong ethics culture said they're prepared to handle ethical issues. Companies that advocate for business ethics motivate their employees to perform their roles with integrity.

® Business ethics benefits the bottom line.

Another reason why business ethics is important is that it can improve profitability. Honorees on this year's list of the World's Most Ethical Companies outperformed the Large Cap Index by 10.5 percent over three years.

ROLE OF ETHICS IN BUISNESS



PRINCIPLES OF ETHICS

- HONESTY. All personnel must be committed to telling the truth in all forms of communication and in all actions.
- FAIRNESS.
- LEADERSHIP.
- INTEGRITY.
- COMPASSION.
- RESPECT.
- RESPONSIBILITY.
- LOYALTY

*CONCLUSION_*

® The effective implementation of good governance practices would ensure investors confidence in the corporate companies which will lead to greater investment in them ensuring their sustained growth. Thus good corporate governance would greatly benefit the companies enabling them to thrive and prosper.

THANK YOU