

Golden Peacock Award

For

Excellence in Corporate Governance - 2004
(GPAECG)

APPLICATION
GUIDELINES AND CRITERIA



IOD
Institute of Directors

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Part - I : Award Scheme

Invitation

The "World Council For Corporate Governance" (WCFCG) and Centre for Corporate Governance (CFCG) have great pleasure in inviting applications for **The Golden Peacock Award For Excellence in Corporate Governance**. The Award Scheme for Corporate Governance was instituted in January 2001 to encourage initiatives in Corporate Governance globally and in India including :

- * Public undertakings
- * Private undertaking - Manufacturing Sector/Service Sector and Finance Sector
- * Government/Municipal Departments

The Golden Peacock Award for Corporate Governance stimulates and helps organisations to rapidly accelerate the pace of customer-oriented improvement process. It is a powerful self-assessment process and a way to build an organisations' brand equity on 'Corporate Governance.' The preparation for the award helps to inspire and align the entire work force and management functions. The knowledge gained by the organisation in describing and self-assessing its operations leads to IMPROVED organisational performance.

The Awards

The Golden Peacock Award For Excellence in Corporate Governance, will be awarded annually, separately under global and local schemes. Each category, at the discretion of the Jury may have more than a award'. Each winner receives a **trophy** together with a **certificate**. The Golden Peacock Award for Excellence in Corporate Governance would be adjudged separately, under the following categories; for Large (Annual turnover more than Rs. 300 crores) and Small & Medium Enterprises (Annual turn over less than Rs. 300 crores).

Eligible Categories

1. Public Sector Units (PSUs)
2. Private Sector organisations - separately for Manufacturing, Service & Finance sectors.
3. Government/Municipal Organisations, Undertakings & Public utility Services.

Eligibility

Organizations or parts of organisations (self accounting profit centres) in the private and public sector operating in India or Globally may participate in the above award schemes.

The decisive factor for eligibility is that the operations of the applicant must adequately correspond to all the Award criteria and which can be verified at the time of evaluation.

The operations of the applicant must be carried out independently, meaning that responsibilities, authorities, results, etc. are clearly defined. This must be documented, for example, in the annual report, organisation plan or equivalent.

Rules & Regulations

- * WCFCG/CFCG reserves the right to alter the Award Scheme.
- * WCFCG/CFCG reserves the right to award more than one trophy each year and also to withhold awards if the required standards are not met.

- * WCFCG/CFCG accepts no liability for any loss resulting from the disclosure of information concerning an entry, though all reasonable precautions will be taken to maintain secrecy.
- * WCFCG/CFCG cannot undertake to return documents or supplementary material submitted with an entry.
- * Selected Award winners may be invited to make a brief presentation in the ensuing "International/National Conference on Corporate Governance" to share their experiences.
- * The decision of the WCFCG/CFCG, on the recommendations of the Panel of Judges is final and no appeal or correspondence will be entertained.

Non-Disclosure & Confidentiality

Names of applicants, commentary and scoring information developed during the review of applications are regarded as proprietary by WCFCG/CFCG and are kept confidential. Such information is available only to those individuals directly involved in the assessment and administrative process.

WCFCG/CFCG will take all reasonable action to ensure that applications and information therein are treated in strict confidence. However, in no way can WCFCG/CFCG be held responsible for any loss of confidentiality to a third party. Moreover, WCFCG/CFCG cannot be held liable for any damage (to goods, or persons, financial loss or consequential) incurred through the breach of confidentiality or otherwise by the applicants or any third party.

Application Fees

The application fee is Rs.15,000/- for large organisation and Rs. 12,000/- for Small/Medium organisations. The fee should accompany your application, in the form of demand draft/cheque in favour of 'Institute of Directors', payable at New Delhi.

Application

The Application should be submitted in duplicate neatly typed (minimum font size 10 pt.) only on one side of A-4 size paper in English, covering the following:

1. Table of contents
 2. Basic Information Item 1 (as per annexure 1 enclosed)
 3. Business Overview Three to five pages summary, providing outline of the applicant's Business. Guidelines for business overview are attached (as per annexure 2)
 4. Self-Appraisal Report
 - a) This report will be based on GPAECG Guidelines and criteria, (as per annexure-3 attached). The guidelines consists of a set of questions which when answered, duly supported by the objective evidence, would help in appreciating the extent of excellence achieved by the applicant.
 - b) Support material:- Support material may have been derived from self-assessment of the organisation's activities. This information must be closely aligned with the Award assessment criterias. The criteria are carefully and deliberately phrased in non-prescriptive terms, to allow you the freedom to present self-assessment information which is relevant to your specific situation.
- Annual Reports A copy of the latest Annual Report of the organisation shall form part of the support material.

ALL ENTRIES SHOULD BE ADDRESSED TO :

The Director General, GP Award Secretariat, M-64, Greater Kailash - II, New Delhi - 110 048.
 Phone : 011- 51636294, 51636716/17 Mobile : 9811135151
 Fax : 011-29217475, 51636292 E-mail : iod@vsnl.com, cfcgdelhi@mail.com

Part -2

APPLICATION & ANNEXURES

Application form -- GPAECG

(you may photocopy this form or reproduce it on a word processor)

Name of Applicant Organisation

Address

Name of contact person

Telephone (Office).....(Residence).....

Facsimile E-mail

Contact Address *(if different from above)*

Name of Highest Ranking Official

Position

Telephone (Office).....(Residence).....

Fascimile E-mail

1. Location of principal sites

2. Turn over per year

3. Type of Award - Global Or National

4. Type of organisation (Ü)

PSU Manufacturing

Private Enterprise Service/Finance

Government/Municipal Organisations, Industries, Services

5. Bank Draft/cheque in favour of 'Institute of Directors' payable at New Delhi is enclosed towards application fee

Amount.....

Bank.....DraftNo.....Dated.....

I agree, on behalf of my organisation, to abide by the rules of The 'Golden Peacock Award for Excellence in Corporate Governance' competition and accept that the decisions of the committee of judges are final. I confirm that my organisation is eligible to take part in this competition and that all information in this application and accompanying application documents are correct.

Date

Signature of CEO

Encl. : 1. Bank Draft

2. Self Appraisal Report (as per annexure 2&3):
in duplicate, alongwith their appendices and enclosures.

The Business Overview

The Business Overview is an outline of the applicant's business, addressing what is most important to the business, key influences on how the business operates, and where the business is headed. The Business Overview is intended to help Examiners understand what is relevant and important to the applicant's business.

The Business Overview is of critical importance to the applicant because:

- a) It is the most appropriate starting point for writing and reviewing the application, helping to ensure focus on key business issues and consistency in responses, especially in reporting business results; and
- b) It is used by the Examiners and Judges in all stages of application review, including the site visit.

Guidelines for Preparing the Business Overview

1. Basic Description of the Company

The section should provide basic information on:

- a) the nature of the applicant's business: products and services; company size, location(s), and whether it is publicly or privately owned;
- b) the applicant's
 - i. major markets (local, regional, national, or international)
 - ii. principal customer types (consumers, other businesses, government, etc.). (Note any special relationships, such as partnerships, with customers or customer groups.);
- c) a profile of the applicant's employee base, including: number, types, educational level, bargaining units, and special health and safety requirements; and
- d) major equipment, facilities, and technologies used.

If the applicant is a subunit of a larger company, a brief description of the organizational relationship to the 'parent' and percent of employees the subunit represents should be given. Briefly describe also how the applicant's products and services relate to those of the parent and/or other units of the parent company. If the parent company provides key support services, these should be described briefly.

2. Critical Business Information

Some key information, critical to the business, is listed below :-

- a) Attributes of utmost importance to targeted customer
- b) Types and number of suppliers of goods & services
- c) Types and number of other partners in business such as dealers and agents
- d) Specific information related to strategic partnership with key suppliers/trade partners
- e) Critical success factors that the organisation has identified as competitive factors
- f) Other information that is important to the organisation, such as, company's new business, new business alliances, development/introduction of new technologies and changes in strategies.

Criteria for Golden Peacock Award for Excellence in Corporate Governance

SELF - APPRAISAL BASED ON THE DETAILS OF THE FOLLOWING CRITERIA TO BE SUBMITTED, ALONG WITH THE APPLICATION.

A. OVERVIEW OF GOVERNANCE STRUCTURE

A.1. Policies and organisation

- a.
 - i. Publicly available mission and values statements (s),
 - ii. codes of conduct
 - iii. statements of economic, environmental, and social policy, and other policies with economic, environmental or social provisions (e.g., procurement policy).
- b. Economic, environmental, and social, or similar, charters, codes, or voluntary initiatives (e.g., regarding labour issues, human rights, discrimination, security, gender equity) to which the organisation subscribes or which it endorses (including date of adoption).
- c. Organisational structure and responsibilities

A.2. Management Systems

- a. Programmes and procedures pertaining to economic, environmental, and social performance .
- b. Approaches to measuring, auditing and improving management quality. Status of certification pertaining to economic, quality, environmental, and social management systems.

A.3 Stakeholder Relationships

- a. Basis for definition and selection of major stakeholders (e.g., employees, investors, suppliers, customers, local authorities, public interest groups, non- governmental organisations).
- b. Approaches to stakeholders consultation (e.g., surveys, focus groups, community panels, corporate advisory panels, written communications). Frequency of Such consultations by type.

B. LEADERSHIP

B.1 Mission and Responsibility

- a. The Mission statement of the company.
- b. The Responsibility of Board for developing strategic vision, planning process, identifying and managing risk, appointing, training, monitoring, developing and assessing all company management.

B.2. Election

- a. Criterion for election of the Board and its disclosure in the Annual Report

B.3. Orientation and Training

- a. Orientation and education strategy of newly elected directors.

B.4. Access to Information

- a. How is access to board's and company records ensured for all Directors?.
- b. Is the Chairman responsible for board directors receiving qualitative and quantitative information?.

B.5. Disclosure of Director Biographical Information

- a. Is biographical information of directors available listing details of any other directorship.

B.6. Size

- a. What is the size of the Board.

B.7. Multiple Board Seats

- a. Has every director informed the company about committee position he occupies in other companies and notify changes as and when they take place.

B.8. Chairman and CEO

- a. Does the company have a separate CEO.

B.9. Composition

- a. How many Executive Directors does the Board have?

B.10. Independence

- a. How many Independent Directors are on the Board (also as a percentage of total numbers).
- b. How many women directors are on the board (Also as a percentage of total numbers).
- c. Are all the pecuniary relationships or transactions of the non-executive directors vis-a-vis the Company described in the Annual Report.

C. COMMITTEES AND THEIR QUORUM

C.1. Audit Committee

- a) Does the Company have a Audit Committee. If, Yes then what are the powers of the Audit Committee?.
- b) What is the role of Audit Committee.

- c) What is the Quorum at the Audit Committee?
- d) Does the audit committee routinely review 'High exposure areas'?
- C.3. Does the company have a Governance Committee. If yes, what are its responsibilities.
- C.4. What is the structure of the Nomination Committee?.
- C.5. Does the Company have Remuneration committee. If yes, then what are its responsibilities.
- C.6. What is the strategy for any Director's membership on an executive committee?.
- C.7. Board Meetings
How many Board Meetings are organised in a year.

D. ROLE, TERM AND LIABILITY OF DIRECTORS

D.1. Term Limits

- a. What is the term of a Board?.

D.2. Liability

- a. How is personal liability of Directors related to functioning of the company?.

E. REMUNERATION OF NON EXECUTIVE DIRECTORS

E.1. Level of remuneration

- a. How is the level of remuneration decided for the Directors?. What is the present status?

E.2. Contracts and Compensation

- a. Who decides the Directors contracts and remuneration?.
- b. How is Directors' independence maintained, while covering his risk and responsibility?.

E.3. Disclosure

Does the company make following disclosures in the Annual Report :

- a. Remuneration Package including Salary, benefits, bonuses, stock options, pensions etc. Details of fixed component and performance linked incentives, along with performance criteria.
- b. Service contracts, notice period, severance fee.
- c. Stock option details, if any whether issued at a discount as well as the period over which accrued and over which exercisable.

F. ROLE OF SHAREHOLDERS

F.1. Shareholder Voting

- a. In the event of the existence of a significant shareholder, what constraints satisfy the requirement to fairly reflect the investment of minority shareholders.

F.2. Management Shareholder Communication

- a. Do shareholders have any access to company information.

F.3. Evaluation of Governance disclosures

- a. Management and control of "timely and continuous" disclosure between shareholder and corporation.

F.4. Management

- a. How is the following information communicated to shareholders :
 - a) Industry Structure and development
 - b) Opportunities and threats
 - c) Segment-wise or product wise performance
 - d) Outlook
 - e) Risk and Concerns
 - f) Internal Control system and their adequacy
 - g) Discussion on financial performance with respect to operational performance.
 - h) Material Development in Human Resources/Industrial Relations front, including number of employee employed.

F.5. Quarterly Results

- a. Are quarterly results put on web site of the company or sent in such a form so as to enable stock exchanges to put it on their website.

F.6. Grievance committee

- a. Is any, Shareholders/Investors Grievance Committee in place and it's contribution :

F.7. Listing in Stock Exchanges

- a. Give the names of the stock exchanges, where your company is listed in India and abroad.

G. FINANCIAL REPORTING, TRANSPARENCY & AUDIT

G.1. Financial Reporting

- a. Corporate governance framework to ensure timely and accurate disclosure on all matters of performance, ownership and governance of the company.
- b. Details of established communication channels for disseminating relevant information

G.2. Transparency

- a. Disclosures not limited to the financial results of the company but also foreseeable risk factors.

G.3. Internal Control

- a. Report on the system of internal controls of financial reporting and regulatory compliance.
- b. Role, composition and responsibility of the audit committees and its independence in reporting of internal control and Accounting Standards
- c. The final liability of the directors over the integrity of the audit.

H. COMPLIANCE

Compliance of conditions of Corporate Governance, as stipulated and annexed in the director's annual report.

I. STAKEHOLDER

I.1. Communication

Does the corporation has in place a Policy to communicate effectively with its shareholders, other stakeholders and the public generally.

I.2. Worker Participation

- a. System of workers participation (whether by way of worker management committees at management or board level.)

J. ENVIRONMENTAL PERFORMANCE

- J1 Organisation-specific environmental performance indicators derive from attributes such as the organisation's industry sector and geographic location, and from the concerns of stakeholders. Organisation-specific indicators reflect the organisation's key economic, environmental, and social issues. These, in turn are associated with operations, products and/or services, and include indirect and supply/service chain impacts. The Environmental Performance report needs to only broadly cover the following indicators, as applicable.
- J2 Energy
- ❖ Total energy use.
 - ❖ Initiatives to move towards renewable energy sources and energy efficiency.
- J3 Water
- ❖ Total Water use.
 - ❖ Water sources significantly affected by the organisation's use of water.
- J4 Emissions, Effluents, and Waste
- ❖ Greenhouse gas emissions (per Kyoto protocol definition) in tonnes of CO² equivalent (global warming potential).
 - ❖ Ozone-depleting substance emissions (per Montreal protocol definition) in tonnes of CFC- 11 equivalent (ozone depleting potential).
 - ❖ Total waste (for disposal).
- J5 Products and Services
- ❖ Major environmental issues and impacts associated with the use of principal products and services, including disposal, where applicable. (Include qualitative and quantitative estimate of such impacts, where applicable).
 - ❖ Programmes or procedures to prevent or minimise the potentially adverse impacts of products and services, including product stewardship, and life-cycle management.
- J6 Land Use/Biodiversity
- ❖ Amount of land owned, leased, managed, or otherwise affected by the organisation. Type of ecosystem habitat affected and its status (e.g., degraded, pristine).
 - ❖ Objectives, programmes, and targets for protecting and restoring native ecosystems and species.
 - ❖ Impacts on protected areas (e.g., national parks, biological reserves, world heritage sites).
- J7 Compliance
- ❖ Magnitude and nature of penalties for non-compliance with all applicable environmental issues (e.g., air quality, water quality)
 - ❖ Certification to ISO 14001 : 1996, if any.

K. SOCIAL PERFORMANCE/CORPORATE SOCIAL RESPONSIBILITY

- K1 The social dimension captures the impact of an organisation's activity on society, including on employees, customers, community, supply chain, and business partners.
- K2 Quality of Management
- a. Employee retention rates.
- b. Reportable cases, lost days and absentee rates.
- c. Investment per worker in illness and injury prevention.
- K3 Non-discrimination
- a. Percentage of women in senior executive and senior and middle management ranks.
- K4 Training/Education
- a. Ratio of training budget to annual operating costs.
- b. Programmes to foster worker participation in decision making.
- K5 Labour
- a. Verified incidence of non-compliance with child labour laws.
- b. Number of recorded grievances by employees.
- c. Staff forums and grievance procedures in place
- K6 Products and Services
- a. Major social issues and impacts associated with the use of principal products and services. (Include qualitative and quantitative estimates of such impacts, where applicable).
- b. Customer satisfaction levels.
- K7 Welfare Schemes
- a. Welfare Schemes for Employee's families, post retirement benefits.
- b. Welfare Schemes for Citizen residing in the neighbour hood of Plants/Factories of the company.
- c. Any other Welfare Schemes e.g. support of Hospitals, Educational, Institutions, Sports, Performing and Visual Arts promotion etc.

ETHICS

- a) Does the organisation have its own code of ethics?
- b) What mechanisms are in place to monitor its implementation.

ADDITIONAL "CG" INITIATIVES

- a) Any other innovative Corporate Governance initiatives implemented by the organisation, which deserve recognition and reward.

NOTE :
Above details pertain to the previous financial year

CENTRE FOR CORPORATE GOVERNANCE

Centre for Corporate Governance

The Centre For Corporate Governance was established in August 2001 by the Institute of Directors (India) with a view to galvanise good governance practices in corporate and public life. It is affiliated to the World Council For Corporate Governance.

Governance is concerned with empowering people, spurring and pursuing innovation and improving efficiency. It addresses conflicts of interest which can impose burdens on the enterprise. Ensuring transparency, and probity in corporate affairs can make a major contribution to improving business standards leading to increased market capitalisation.

Vision

The vision of Centre For Corporate Governance is to become known as the dominant centre for study and application of principles of good Corporate Governance.

Mission

The mission of the Centre For Corporate Governance is to create a culture of transparency, probity, integrity and accountability in decision making both in corporate and public governance.

Objectives

The primary objective of CFCG is to improve the functioning of corporations and the credibility and liquidity of stock markets by promoting research and practice of Corporate Governance Principles. The

centre undertakes the following functions.

- (a) **Formulate Codes for Good Corporate Governances in govt. trade and industry.**
- (b) **Advise Govt and industry on best practices in good Corporate Governance.**
- (c) **Conduct research relating to best practices in Corporate Governance internationally.**
- (d) **Organise Seminars, Conferences, and workshops to create awareness in the Indian Corporate Sector on the need for good Corporate Governance.**
- (e) **Establish linkages with International and Commonwealth organisations working in the area of Corporate Governance to harmonize and consolidate a practical and pragmatic approach to Corporate Governance universally.**

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