

# Here is a list of committees crucial for every organization



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FRIDAY

14

SEP 2018

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*Would Vasco da Gama be able to discover the route to India if he needed prior approval of his foreign travel 'committee'?*

Well, jokes apart, by now, all of us have probably witnessed in some form or the other the importance of various committees by employers. For example, the Internal Committee plays a critical role to redress sexual harassment at the workplace. But, there are several other committees that also need to be set up either in relation to the workplace or based on corporate laws.

Here is a run-down...

1. **Works Committee:** The Industrial Disputes Act requires employers having at least 100 'workmen' to set up a Works Committee, based on an order of the labor authorities. The committee promotes measures for securing and preserving amity and good relations at the workplace, besides commenting upon matters of common interest or concern. The committee also endeavors to compose any material difference of

opinion in relation to workplace-related matters. The committee should consist of representatives of employers and workmen - with the number of representatives of workmen not being less than that of the employer.

2. **Internal Committee:** The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 requires every establishment having at least 10 employees to constitute an Internal Committee (IC). The IC, which must also include an external member, is required to investigate into any complaint of sexual harassment. The IC has the same powers as are vested in a civil court (under the Code of Civil Procedure, 1908) in terms of summoning and enforcing the attendance of any person and examining him on oath, requiring the discovery and production of documents. Incidentally, the IC members can hold office only for a period of up to 3 years. The government on its part also needs to set up a Local Complaints Committee in each district.
3. **Compensation Committee:** The SEBI (Share-Based Employee Benefits) Regulations require the employer to set up a Compensation Committee for administration and superintendence of the Employee Stock Option Scheme, Employee Stock Purchase Scheme, Stock Appreciation Rights Scheme, General Employee Benefits Scheme and Retirement Benefits Scheme. This requirement is only for listed companies.
4. **Audit Committee:** Every listed company must set up an Audit Committee who is charged with the important responsibility of overseeing financial reporting process and disclosure of financial information in financials in order to give correct and credible view to its stakeholders. Amongst other things, the role of audit committee also includes the review of the functioning of the whistleblower mechanism and reviewing the findings of any internal investigations where there is suspected fraud or irregularity.
5. **Nomination and Remuneration Committee:** Listed companies also need to set up a Nomination and Remuneration Committee consisting of at least three non-executive directors. At least half of the members should be independent directors. In addition to evaluating the directors' performance, one of the key roles of this committee is to formulate a policy for the remuneration of the directors, key managerial personnel and other employees.
6. **Stakeholder Relationship Committee:** In cases where a company has over 1,000 security holders, the board of directors is required to constitute a Stakeholder Relationship Committee to consider and resolve grievances of the security holders.
7. **Corporate Social Responsibility Committee:** In view of the CSR obligations of companies having a net worth of INR 5 billion, or a turnover of INR 10 billion or net profit of INR 50 million or more during a financial year, a Corporate Responsibility Committee needs to be set up with at least one independent director. Besides formulating the CSR Policy, the committee needs to recommend the expenditure for CSR activities.
8. **Risk Management Committee:** Top 100 Indian listed companies are required to constitute their Risk Management Committees for monitoring and reviewing the risk management plan, based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, as per the Companies Act and also under RBI Corporate Governance Regulations (for NBFCs), companies have to adopt a risk management policy for identification of an element of risk and thus, such companies may have to form a risk management committee to develop and implement such policies.
9. **Health, Safety and Wellness Committee:** The Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Rules, 2018 (Rules) requires every establishment in Maharashtra employing at least 100 workers to constitute a Health, Safety and Welfare Committee. The Rules provide for the composition of employer's and the workers' representatives on the Committee. The Committee is responsible for surveying and identifying accident prone or hazardous objects or spots in the premises, rectifying such spots, conducting health and wellness camps once a year, creating awareness about

contagious diseases, epidemics or natural calamities, etc., conducting recreational and cultural activities annually, social and educational awareness programmes, etc.

Some employers may also choose to set up a committee in cases of individual positions such as an inquiry committee instead of an inquiry officer to investigate into cases of employee misconduct. Additionally, board of directors also frequently set up committees to support them for better governance or for matters that require specialized knowledge or experience, although the board will ultimately remain responsible for its decisions. And finally, some progressive employers have also set up steering committees, employee engagement committees, employee welfare committees, employee benefits committees and the like.