



Oil and Natural Gas Corporation Limited

(A Government of India Enterprise)

CIN: L74899DL1993GOI054155

Regd. Office: Plot No.5A-5B, Nelson Mandela Road, Vasant Kunj, New Delhi- 110070

Phone No.: 011-26754083, Fax: 011-26129081

Website: www.ongcindia.com Email ID: secretariat@ongc.co.in

ONGC – **Induction, Familiarization and Training Programmes for** **Directors**

(As revised and approved by the Board at the 330th meeting held on 01.09.2020)

1. Introduction

Oil and Natural Gas Corporation Limited (ONGC/the Company), a Maharatna, Central Public Sector Enterprise (CPSE), under the administrative control of the Ministry of Petroleum and Natural Gas, Government of India (GoI), is the National Oil Company in India, leading Exploration and Production of Oil & Gas and also engaged in refining and marketing of petroleum products through subsidiaries and joint ventures.

Considering the requirements under DPE guidelines on Corporate Governance for CPSEs-2010 (herein after referred to as 'the DPE Guidelines') which, inter-alia, prescribes that the CPSEs shall undertake training programme for the new Board members – Functional/Government Nominee/Independent, in the business model of the Company including risk profile of the business, responsibilities of respective directors and the manner in which such responsibilities are to be discharged. They shall also be imparted training on Corporate Governance, model code of business ethics and conduct applicable for the respective Directors. Further, the erstwhile Listing Agreement had provided similar training the Board members. Accordingly, the Board of Directors had considered and approved the "ONGC - Policy on Training of Directors" at the 226th meeting held on 04.01.2012.

Subsequent re-enactment of the Companies Act, 2013 (the Act) and the introduction of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) stipulate specific provisions on such Induction, Familiarization and encouraging continuing Directors Training to ensure that they are kept up to date to enable them to discharge their duties and responsibilities effectively. The relevant provisions stipulating such training are –

- i) Independent Directors shall include undertaking appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company – Para III (1) of Schedule IV of the Act;

- ii) The Board of Directors shall encourage continuing Directors training to ensure that the members of Board of Directors are kept up to date- Regulation 4(2)(f)(iii)(4) of the Listing Regulations;
- iii) Familiarization of the independent directors through various programmes about the Company, including (a) nature of the industry; (b) business model; (c) roles, rights, responsibilities of independent directors; and (d) any other relevant information - Regulation 25(7) of the Listing Regulations; and
- iv) Such familiarization programmes imparted to the independent directors shall be placed on the website of the Company- Regulation 46(2)(i), and the web-link on the same be disclosed in the annual reports of the Company - Schedule V(C)(2)(g) of the Listing Regulations.

2. Constitution of the Board

The Article 95 of the Articles of Association of the Company provides that the business of the Company shall be managed by the Board of Directors of the Company. However, day to day management is carried out by the Chairman and Managing Director (CMD) and Functional Directors based on the powers delegated by the Board.

It further provides that the number of directors shall be not less than four and not more than 21. The Company has a well-structured Board comprising of Executive (Functional) Directors and Non-Executive (Government Nominees & Independent) Directors as required under the provisions of the Act, Listing Regulations and the DPE Guidelines.

Presently, the Board is constituted with 18 Directors comprising 7 (seven) Functional/ Executive Directors including Chairman & Managing Director, 2 (two) Nominees of the GoI and 9 (nine) Independent Directors. The number of the incumbents in each category may vary according to the vacancy at any point of time.

In terms of Article 96 of the Articles of Association of the Company, the President of India has the powers to appoint all the Directors of the Company from time to time, including Chairman and Managing Director. Accordingly, the Ministry of Petroleum & Natural Gas (MoPNG) has been formally appointing all the Directors on the Board of the Company.

Further, the Functional Directors including the CMD are recommended by the Public Enterprises Selection Board as identified through an established selection process for appointment by the GoI. Government Directors are nominated by the Cabinet Minister of MoPNG from the pool of officials at appropriate level on ex-officio basis. Independent Directors are identified by the Search Committee constituted by the DPE from time to time for appointment by the GoI.

3. Definitions

2.1 Act means the Companies Act, 2013 including any amendment or modification thereof.

2.2 Board or **Board of Directors** means the collective body of directors of the Company for the time being.

2.3 Board Level Committee means committee comprising members of the Board and functioning in accordance with the terms of reference as approved by the Board.

2.4 Company or ONGC means Oil and Natural Gas Corporation Limited.

2.5 Director means a person appointed on the Board of Directors of the Company.

2.6 DPE Guidelines means DPE guidelines on Corporate Governance for CPSEs-2010, including any amendment or modification thereof, issued by the Department of Public Enterprises, Government of India.

2.7 Induction/Familiarisation Programme means the structured programme at which the newly appointed Independent Director is given the exposure about the nature of the company's industry and its business model, duties and responsibilities of the Independent Directors, and the prevailing Board practices adopted by the Company.

2.8 Listing Regulations means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be modified from time to time.

2.9 Independent Director means a director referred to in sub-section 6 of Section 149 of the Act and Regulation 16 (1) (b) of the Listing Regulations.

2.10 Training Programme means activities designed to facilitate the learning, development and competence of new and existing skills and knowledge which would help attend to the duties as a Director on the Board of the Company.

3. Background of the Board Members

- ✓ The Functional/Executive Directors appointed by the Government of India are generally senior level executives of the Company who have professional qualification not only in their core area of functioning but also have vast experience in the business model of the Company and comprehensive knowledge of the E&P Industry;
- ✓ The nominees of the GoI are ex-officio senior bureaucrats having rich experience in various fields. Normally, the Additional Secretary & Financial Advisor and Joint Secretary (Exploration), MoPNG are nominated by the GoI as the nominee directors on the Board of the Company;
- ✓ The Independent Directors are eminent personalities having appropriate balance of skills, experience and knowledge in their respective field of profession, business, education, industry, commerce or administration; and
- ✓ The directors skills/expertise/competence are measured against the chart/matrix set-out as under:

<i>Sl. No.</i>	<i>Skills/ Expertise/Competence</i>	<i>Description</i>
1.	Organizational leadership	Experience/Exposure of leading Public/Private/Government organisation/division.
2.	Managerial competence	Experience/Exposure in respective area of expertise including management of human resources to uphold the highest standard of professional specialisation and commitment.
3.	Finance including corporate finance	Knowledge/Exposure/Experience in management of finances of organisations.
4.	Core business competence	Knowledge/Expertise/ Experience in the core business of the Company and ability to adapt with technological developments.
5.	Environmental, Social and Governance (ESG)	Knowledge/exposure to Environmental, Social and governance domain.
6.	Planning, budgeting and project experience	Strategic Planning and budgeting experience of the macro level and experience in implementation of Projects/Schemes

4. Objective of the Programmes

The structured programmes aim to undertake appropriate induction and regular updation and refreshment of the skills, knowledge and familiarity of the directors with the Company, in order to discharge their assigned duties and responsibilities effectively. It is of paramount importance that the Directors both individually and collectively understand and get familiar with the business, legal and social environment in which the Company operates so that the overall interest of all the stakeholders could be protected and promoted by them.

The key objective of the programmes are:

- ✓ To empower and equip the Directors with skills and attitudes required to perform their challenging tasks and play their role in a transparent, objective and ethical manner as per the best corporate governance practices;
- ✓ To maximize the level and degree of contribution at the meetings of Board and Committee/s;
- ✓ To promote better understanding of statutory and professional requirements as well as sensitization to professional, socio-economic and political environment in which the business of the Company is being conducted; and
- ✓ Promoting an environment conducive to learning and development by serving as a role model for all the other employees of the Company.

5. Structured programs for Directors

The Directors shall be provided two-tier training programme as under:

5.1 INDUCTION FAMILIARIZATION PROGRAMME

- 5.1.1 With a view to induct and familiarize the new Directors with the background of the Company and the Board practices being followed, the Company Secretary shall provide

the following documents which will serve as an introductory tool to the new Directors as well as an initial reference to new members of the Board:

Business background:

- ✓ Memorandum and Article of Association of the Company;
- ✓ Latest Company profile as published by Corporate Planning; and
- ✓ Latest Annual report of the Company.

Role of the Director:

- ✓ An introduction to the role and responsibilities of a director with reference to the Companies Act, 2013, Listing Regulations and the DPE guidelines;
- ✓ Restrictions with respect to share dealings as per Company's PIT Policy;
- ✓ Procedure for handling the unpublished price sensitive information;
- ✓ Regulations pertaining to Related Party Transactions; and
- ✓ Code of Conduct for Board members.

Board Practices:

- ✓ Powers of the Board specified under Articles 115 and 116 of the Articles of Association of the Company;
- ✓ List of Board Level Committees and their terms of reference;
- ✓ Details of other Directors and their profiles;
- ✓ Board/Committee meeting process;
- ✓ G-Board Manual;
- ✓ Annual schedule of Board/Committee meetings.

5.1.2 On induction of Non-Executive Directors (Government Nominee Director/Independent Director) a detailed presentation on the business module including risk profile, performance and business plans of the Company shall be made by the Corporate Planning.

5.1.3 The team Infocom shall make detailed demo and necessary training on the G-Board (in-house online Board portal) practices and familiarisation with Video conferencing facilities provided to the Directors for participation in the meeting.

5.1.4 At the convenience of Non-Executive Directors (Government Nominee Director/Independent Director), a visit to the Offshore and Onshore installations of the Company shall be arranged to acclimatise them with the working of the Company in Offshore areas and also to apprise them of the production facilities in onshore areas.

5.2 EXTERNAL TRAINING

At the convenience of the Directors, they shall be nominated for seminars, conferences, conventions on relevant areas which shall enhance their knowledge on Corporate Governance, model code of business ethics and conduct, orientation programmes focusing on new developments for improving the Board deliveries as directors.

Further, Non-Executive Directors will also be nominated in the workshop organised by external organisations including Indian Institute of Corporate Affairs (IICA), Confederation of Indian Industry (CII) and Standing Conference of Public Enterprises (SCOPE).

6. **Placement on Website**

These Programmes and any amendment thereto shall be posted on the website of Company. The training programmes attended by the Independent Directors shall also be placed on the website in compliance with the applicable provisions under the Listing Regulations.

7. **Amendment**

This Directors' Training Programmes may be amended and approved from time to time by the Board of Directors of the Company.