

## **A. INTRODUCTION**

The ISA is an association of various companies across India, which is part of the semiconductor eco-system. The representatives of the various companies are usually heads of their respective organizations. Each member company is represented in ISA by two representatives, which typically includes the head of the organization ("Head") and another senior member from the management team nominated by the Head of the organization ("Senior Member"). The Senior Member acts as a representative for the Head, and it is the responsibility of the Head to keep the Senior Member updated and informed, as necessary. All details about the ISA can be found at [www.isaonline.org](http://www.isaonline.org)

The Executive Council (EC) of the ISA has as its members, the following

1. A President (President) – full time employee of the ISA (not an elected member)
  2. Elected members (EM) – drawn from heads of various companies in accordance with the election code of ISA.
  3. Co-opted members (CM) – from primary locations of ISA that may unrepresented within the EC, members of previous EC, and other segments like VC's , etc. in accordance with election code of ISA.
  4. The Office Bearers (OB) – Chairperson, Vice Chairperson, Treasurer
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## **B. SCOPE OF THIS DOCUMENT**

The scope of this study is to document the following:

1. The constitution of the EC
  2. Roles & Responsibilities of the
    - a. Elected Members (EM)
    - b. Co-opted Members (CM)
    - c. Office Bearers (OB)
    - d. President
  3. The protocols for the functioning of the EC, and its members. These to include
    - a. Communication
    - b. Decision making
    - c. Approval matrices
    - d. Delegations
    - e. Public interface
    - f. Audits
  4. Meetings of the EC
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## **C. CONSTITUTION**

The constitution of the EC will be governed by the following guidelines:

1. EC will comprise of the Elected members, Co-opted members and the President.
2. President is a full time paid employee.
3. Co-opted members are not elected by the ISA members, but co-opted by the members elected by ISA members for specific reasons/purposes.
4. All others are elected by the ISA Members and are honorary positions drawing no compensation other than reimbursement of actual expenses approved by EC.
5. Elected EC members will elect Office Bearers viz. Chairperson, Vice Chairperson and Treasurer.
6. The maximum term for the office of Chairperson shall be two years. After the completion of maximum term, s/he will be excluded from the general elections to ensure rotation of leadership for the office of the Chairperson. However, if the newly elected EMs desire, they could co-opt the past Chairperson in to the EC in the capacity of a co-opted member.
7. The EC will be parallel to the Board of Directors of a company, where EMs are like Executive Board members and President is like the CEO who is inducted into the board as head of the ISA Secretariat and reports to the Executive Board to take strategic directions and provide updates on ISA Secretariat's functioning. There shall be various subcommittees within the EC which shall be looking after compensation, audit, legal, any other department as appropriate:
  - a. Compensation committee – reviews and finalizes compensation policies for the ISA employees-, bonus payouts, succession planning, President performance review, etc. This will comprise of Chairperson and at least two more EM other than OBs as its member. In the course of its duties, the committee shall have the sole authority, at ISA's expense, to retain and terminate compensation consultants and other advisor as the committee may deem appropriate, including the sole authority to approve any such advisor's fees and other retention terms. President may provide a compensation chart in conjunction with an external HR consultant as an input for consideration of the Compensation Committee for all positions excluding the position of President. Compensation of President and other employees of ISA for July to June cycle shall be decided by the Compensation Committee formed by the newly elected EC.
  - b. Audit committee – ensure proper audits and work with auditors, reviews, risk management, reviews of important releases and communications. This will comprise of Vice Chairperson and at least two additional EMs as members. In the course of its duties, the committee shall have the sole authority, at ISA's expense, to retain and terminate accounting or other consultants to advise the Committee and to authorize or conduct investigations into any matters within the scope of its responsibilities, as the Committee may deem appropriate, including the sole authority to approve consultants fees and other retention terms.
  - c. Governance committee - compliances, corporate governance, procedures, working guidelines etc. This will comprise of Treasurer and

at least two additional EMs as members. In the course of its duties, the committee shall have the sole authority, at ISA's expense, to retain and terminate special legal consultants and other advisor as the committee may deem appropriate, including the sole authority to approve any such advisor's fees and other retention terms.( President could be consulted on a need basis to facilitate the Governance committee through relevant information and required operational support)

- d. Besides the above, the whole of EC is responsible for the strategy of ISA, and all important decisions – including, setting of yearly goals and financial targets that are achievable and have a stretch (specially of the President), budget decisions and allocations to key programs, etc.
8. Elections take place every year.
  9. For purpose of voting, each company will be represented in the ISA by only one representative nominated as the primary contact by the Company.
  10. In case an EC member leaves his/her present company/employment ("Retiring Member")–
    - a. Retiring Member will continue in the present role in the EC for 3 months – on an interim basis. If the Retiring Member is willing to continue in the EC, the rest of the EC members may pass a resolution requesting the Retiring Member to continue for further 3 months on an interim basis. Notwithstanding the above, no such Retiring Member shall be permitted an extension beyond the period of six (6) months.
    - b. Retiring Member can be formally re-inducted back into the EC, if the Retiring Member joins another company which is a member of the ISA, and is the representative of that company in the ISA. Since each company is permitted only two (2) representatives, in the event that the Retiring Member is re-inducted back into the EC, the Company shall have to opt to keep of only one of out of two previous representatives.
    - c. If the EC member who has quit joins a company which already has an EC member, then the person defaults his seat with immediate effect and the EC can exercise a choice to co-opt a new member into the EC from another organization which is not represented in the EC.
    - d. No EMs will automatically transition into the next EC. If amongst the newly elected EMs there are no members from the previous EC, EMs would be free to co-opt a member from the previously elected EMs to provide continuity to the Executive Board. The President as the head of Secretariat would continue to be inducted into the board and will also provide continuity to EC from year to year.
    - e. In case the President leaves, EMs shall co-opt a member from the previously elected OBs to ensure continuity.
  11. No body corporate, association or firm shall be eligible to be an EC member, and only an individual shall be so eligible.
  12. The audit committee should ensure that proper MIS is maintained by the ISA Secretariat with help from appropriate internal / external accountants on monthly, quarterly and yearly basis to ensure good financial reporting and provide continuity when the new audit committee takes over.
  13. President is a fulltime employee and reports to the Chairperson.
  14. EC members will appoint members of the various committees.

The election process is described in greater details in a separate document titled '**Election\_Code\_ISA.doc**'.

#### **D. ROLES & RESPONSIBILITIES**

The ECs will

1. Be involved at strategic level by providing direction and guidance.
2. Be ambassadors of ISA
3. Not work day to day operations (*Day to day operations to be run by President in coordination with Office Bearers as per defined approval matrix*)
4. Act as a guidance body to the ISA
5. Set goals and targets, with timelines
6. Review and approve the operational plans, financial plans, budgets, maximum exposure limits on strategic initiatives presented by OBs / President. Will stay at a high level to approve the plans and budget at a macro level.
7. Take ownership of one or more initiatives of ISA and drive them to success working with the President and the Secretariat. Lead one or more of the initiatives or coordinate with the initiative leaders if chosen from outside of the EC and act as a link in to the EC as the EC sponsor for such initiative teams / represent ISA at external forums for such initiatives along with the Initiative Leader. Shall report the progress made on these initiatives to the EC at least once in a quarter.
8. Act closely to ensure the President meets the goals by empowering / reviewing progress / providing timely support / identifying constraints and helping clear them
9. Ensure that initiative teams that are sponsored by the respective EMs, work within the framework of financial limits and budgets approved by EC/OBs before making external commitments that involve financial implications on part of ISA and ensure financial viability of such initiatives on a continuing basis.
10. Partake in prioritization of tasks, financial commitments
11. Keep the ISA regularly updated on the progress of various actions related to the initiatives sponsored by the respective ECs, through the President and the Secretariat.
12. Involve the ISA members, where necessary.
13. As far as possible and where appropriate, inform ISA members of major decisions before any public announcements are made with respect to the initiatives sponsored by the respective EMs.
14. It is recommended that the high level plan approved by the EC is presented by the President to the ISA members at the first BoB meeting within July end. Any change in the budget beyond 10% of the planned numbers needs to be seen as significant and ISA EC needs to be kept informed of the same. The finances to be presented to ISA general body by President / Office Bearers at the Annual General Meeting.
15. In order to ensure effectiveness of ISA at all times, during the transition period between the previous EC and the newly elected EC, office bearers of the previous EC will continue to perform their duties including financial decisions till the date of new office bearers being elected by the new EC.

16. Specify the key result areas and objectives of President would be set by the Chairperson in consultation with the new EC before end of June every year. A formal communication of the same would be done by the Chairperson to the President.
17. Deal with the "What" of the various tasks, leave the "How" to the President or the respective Initiative Leaders.
18. Review the performance of the President and the ISA Secretariat against ISA's long term and short term objectives. EC would provide feedback to the Chairperson for ISA Secretariat and President's performance review. Chairperson will be responsible for the formal appraisal process of the President.

#### General Guidelines for EC Members

Upon discussion with EC and only upon approval by the EC, any member of the EC shall

1. Accept donations or grants for ISA whether as corpus or otherwise, in kind (but not money or money's worth) including contributions subscriptions and endowment on such terms and subject to such conditions as ISA may deem fit and proper.
2. Apply the whole or any part of any income of ISA, or accumulations thereto, to any one or more of the objects of ISA, as EC may, in their discretion, deem fit from time to time.
3. Convert and deal with ISA funds and/or any investments for the time being.
4. Invest ISA funds either in the purpose of mortgage of immovable property or in shares, stock or debentures or other securities and investments, or in deposits with or loans to any company, bank, firm or any other person, and to alter, vary or transpose such investments, from time to time at the discretion of the EC.
5. Borrow or raise or secure payments of moneys and also to lend money either with or without security.
6. Sell, dispose of, alienate or otherwise deal with any property comprising ISA fund.
7. Solely with a view to pursue the objective of ISA, acquire, take on lease, sublease on or hire, or sell, charge, rent out or otherwise, any movable or immovable property or assets of any kind, for cash or any other consideration or incur any reasonable expenditure with regard thereto:
8. Open one or more bank accounts and operate them as may be authorized by a Board resolution. The board will have the power to borrow, sign bills of exchange and cheques and authorize for this purpose any of the EMs, President or any other employee or nominee, jointly or severally, on its behalf by a Board resolution.
9. Invest and deal with the funds of ISA in permitted and authorized securities of the Government of India and / or Government sponsored / supported / approved securities as may be lawfully permitted in the forms and modes prescribed under the provisions of section 13(1) (d) r.w.s. 11(5) of the Income Tax Act, 1961 as amended from time to time.
10. Retain and / or employ skilled professional or technical advisors, consultants and other staff and workers and delegate duties to any of them for carrying out the objects of ISA and to pay therefore such fees or remuneration or salary as may be deemed appropriate and expedient; EMs also have powers to suspend, terminate or dismiss employees or to take such other action to

ensure proper management. They also have all powers necessary and incidental for management and administration of ISA and its properties. This has to be in consultation with the President if the action pertains to ISA employees other than President.

11. Adjust, settle, sue, defend suits and compromise them in the interest of ISA
12. Appoint constituted attorneys or agents and to delegate to such attorneys or agents all or any of the powers vested on them under these presents and from time to time remove such attorneys or agents and to appoint other or others in his or their place.
13. Appoint or make provision for the appointment of any person (including all or any of EMs and committees or administrator or otherwise) for the purpose of the administration of ISA in such manner and subject to such rules and regulation as EMs may prescribe and also to appoint or provide for the appointment of separate EMs to hold any fund or investment as stated herein above in such manner and subject to such rules and regulations as EMs may from time to time think fit.
14. Make, vary, alter or modify schemes, rules and regulations for carrying out the objects of ISA and for the management of the affairs thereof and/or running any institution in furtherance of the objects of ISA and otherwise for giving effect to the objects of ISA.
15. Start, abolish, discontinue and restart any charity or charitable institutions for the benefit of general public and to impose any conditions to any subscription or donation made by them.
16. Set apart and/or allocate the whole or a part of the income or the corpus of ISA or part thereof for any of the objects of ISA.
17. Join, co-operate or amalgamate this ISA with other or others having kindred or allied objects, upon such terms and conditions as EMs may in their discretion think fit, particularly having regard to and in conformity with the objects and nature of this ISA.
18. Give aid by way of donations out of the income or the corpus of ISA fund or otherwise, to different charitable institutions, societies, organizations in India which may have been established or which may hereafter be established for the like charitable purposes mentioned in these presents or any of them to enable such institution, societies, Organization to start maintain, or carry out such charitable objects.
19. Settle all accounts and to compromise, compound, abandon, or refer to arbitration any action or proceedings or disputes, claim, demand or things, as deemed proper for such purpose without being responsible for any loss occasioned thereby.
20. Borrow moneys either on the security of any property comprised in ISA fund or otherwise for all or any of the purposes of these presents, and it shall be lawful for EMs to make such borrowings on payment of such interest and otherwise on such terms and conditions as they may in their absolute discretion think fit.
21. Apply to the Government, public bodies, urban, local, municipal, district and other bodies, corporation, companies, or persons for and to accept grant of money and of aid, donations, gifts, subscriptions, and other assistance with a view to promoting the objects of ISA and to discuss and negotiate with the Government Departments, public and other bodies corporations, companies or persons, scheme and other work and matters within the objects of ISA and

- to conform to any proper condition upon which such grants and other payments may be made.
22. Take over or amalgamate with any other charitable organization,, society, association, or institution with similar objects.
  23. Establish, promote, manage, organize or maintain or to assist in establishing, promoting, managing, organizing, or maintaining any branch of ISA or any other organization or its branch with objects similar to those of ISA and to promote or carry on the affiliation or amalgamation of such other organization with ISA.
  24. Take over, acquire, manage, control or aid any existing institution or institutions having objects either wholly or in part similar to the objects of ISA and on such terms and conditions as may be thought expedient.
  25. Purchase or otherwise acquire and undertake all or any part of the property, assets, liabilities and engagement of any or more of trusts, societies, institutions or associations with which this ISA is authorized to amalgamate.
  26. Transfer all or any part of the property, assets, liabilities and engagements of ISA to any one or more organizations, societies, institutions or associations with which ISA is authorized to amalgamate.
  27. Do all such other lawful deeds and things as may be deemed necessary and expedient and incidental or conducive to carrying on and /or achieving / attainment of the objects of ISA.

#### The CMs will

1. Help the EC in the areas for which they have been co-opted
2. Give key inputs from an "expert's" perspective to help the EC function better
3. Have no voting rights for matters involving election of EMs, OBs and additional CMs. Will enjoy voting rights in all other matters at par with elected EC members.

#### The President will

1. Be similar to the "CEO" of a company who is a full time employee and is inducted into the board to seek strategic directions from the executive board and takes responsibility for execution of the same as the head of the ISA Secretariat President will participate in the Strategic Planning process by the EC especially to address feasibility on specified time period and resources needed for execution.
2. Own all execution responsibilities of the ISA and EC on the plan approved by EC.
3. Ensure all round progress and strive to meet goals and targets set by the EC for each of the mission objectives of ISA. Be responsible for all the operational aspects of ISA.
4. Work closely with the EC, and their teams, on the various initiatives.
5. Will report to the ISA executive board comprising of EMs as in any other corporate environment but from an HR perspective will report to the Chairperson for issues such as annual performance reviews, vacation approvals, individual business expense approvals, overseas travel approvals, and the first point of contact for resolution of priority conflicts in case of directions coming from multiple EMs and first point of contact for resolving address resource constraints. Communication will be in written form for the above actions. In case of non-convergence on any matters / actions between

- Chairperson and the President, Chairperson shall consult the OBs and the collective decision of the OBs shall be treated as final.
6. Work closely with the Treasurer to keep track of the financials (inflow, outflow, priorities of expenditures), and update the EC every month.
  7. Adhere to the general guiding principles for financial discipline and other strategic plans as approved by the EC/OBs
  8. Ensure monthly, quarterly and yearly financial reporting confirming to MIS formats approved by EC is ready within 4 weeks of the corresponding period ending.
  9. Ensure completion of audited financials for the financial year April to March, being completed before end of May of every year.
  10. Facilitate the regular ISA meetings (known as BoB), as well as the regular EC meetings – (via agendas, updates, etc).
  11. Update the EC of any presentations or communications outside of the EC (to BoB, external agencies, etc). This to be done sufficiently in advance, to comprehend any feedback
  12. Be a spokesperson for ISA and ensure ISA enjoys high reputation amongst the ISA members Companies, Government bodies, academia, other professional bodies, members of media, suppliers of goods and services to ISA and other stakeholders
  13. Ensure execution of the broad action plan approved and recommended by EC through internal and external team members maintaining high team spirit and morale amongst the internal and external teams
  14. Act as a funnel of all official communications between EC members, and between EC and ISA
  15. Keep all EC members informed on all ISA official matters and provide updates on key issues / outcomes during EC meetings
  16. Take guidance from EC on strategic matters and initiatives, only on need basis on other operational matters in case there are exceptions to the financial and other strategic plans approved in the budget by the EC/OBs
  17. Maintain the minutes of the various meetings (EC, BoB), with the help of the Secretariat and ensure recording of the important decisions in the EC meetings and get minutes approved and signed by the Chairperson to maintain records in accordance with the Company's Act (or its equivalent applicable for Trusts and Societies Act) .
  18. Help build a global brand equity for ISA.
  19. Liaise with Govt. bodies like Ministry of IT, and industry associations like CII, NASSCOM, MAIT and others to establish ISA as a flagship industry organization within the country.
  20. Undertake program management responsibility and provide all necessary support from Secretariat to Initiative Leaders appointed or nominated by the EC. Initiative leader will define role and responsibilities of external consultants in consultation with the President. In case of non-convergence between the initiative leader and the President, such issues will be brought to the notice of EC sponsor and the Chairperson for resolution.

The OBs will

1. Provide next level of support to President in operational planning and decision making with respect to goals for the year

2. Will drive and own the budget approval process for the year based on the past year's financials, ISA financial discipline guidelines, inputs from the EMs on initiatives, ISA strategic goals and inputs from President
3. Will ensure the budget is discussed in the EC and approved within the first quarter of the new financial year after due modifications made to get approval of the EC through majority vote. If necessary, for sake of continuity OBs will involve the members from the previous year's OBs to finalize the budget for the new year
4. Will also approve the budget for the first quarter of the next financial year until the new OBs and EC have had a chance to approve the next year's budget. Thus annual budget cycle will run from July to June
5. Ensure performance incentives for the previous financial year are finalized and disbursed to President and ISA Secretariat before the end of the first quarter or earlier subject to financial results for previous year being readied by ISA Secretariat in the approved MIS formats within 8 weeks of the year ending. It may be noted that any delays on preparation of the previous year's financials in approved MIS formats could cause a corresponding delay in this activity since this is a key input for determination of the performance incentives.
6. Be involved in expense approvals as per the approval matrix

The Chairperson will

1. Play the role of the elected leader of the EC and represent the industry's interest at large
2. Be the primary spokesperson of ISA along with President
3. Ensure result orientation through smooth functioning of EC and ISA Secretariat aligned to the overall vision and objectives of ISA
4. Coordinate amongst the EMs for ownership of responsibilities for various ISA initiatives and other such responsibilities in the beginning of the year and thereafter if new initiatives come up in the mid term that need to be championed by EC. Chairperson in consultation with EC will decide one key area which would be owned by the Vice Chairperson.
5. Chair the EC meetings, approve agenda, sign meeting minutes prepared by the ISA President / Secretariat.
6. Exercise an extra vote in the EC when needed to resolve a tie condition
7. Signatory for any official MOUs, industry representations made to the Government etc.
8. Drive the budgeting process as a member of the OB.
9. Expense approval as per approval chain.
10. Chair the Compensation Committee and report to the EC on its recommendations.
11. Conduct annual performance appraisal of ISA President after assimilation of inputs from EMs through discussions, emails and meetings of the EMs.

The Vice Chairperson will

1. Play the role of the elected leader of the EC next in line to the ISA Chairperson and represent the industry's interest at large.
2. Be the spokesperson of ISA along with President in absence of Chairperson.
3. Support the Chairperson in ensuring result orientation through smooth functioning of EC and ISA Secretariat within overall vision and objectives of ISA.

4. Play the role of Chairperson in his / her absence.
5. Drive the budgeting process as a member of the OB.
6. Expense approval as per approval chain.
7. Chair the Audit Committee and report to the EC on its recommendations.

The Treasurer will

1. Play the role of the elected leader of the EC who is chiefly responsible for ensuring financial health and discipline within the guiding principles approved by EC.
2. Drive the budgeting process as a member of the OB.
3. Expense approval as per approval chain.
4. Chair the Governance Committee and report to the EC on its recommendations.

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**E. FUNCTIONING**

Since the President will work closely with the EC members on various initiatives, tasks and goals – President shall own the primary responsibility for collating inputs from EC members and provide periodic updates to all EC members to ensure adequate flow of information amongst EC members. This is very important, since the number of activities, and the number of ISA members, keep growing.

The following are some of the guidelines to be followed by the Constitution:

1. EC members will keep the President informed regarding the various tasks they are responsible for to enable President to provide periodic updates to EC.
2. EC members will be the focal contact between their teams and the President, for the various activities and initiatives they are sponsoring. EC may appoint or nominate an Initiative Leader from outside of EC for important initiatives who in turn will drive and coordinate the activities for such initiatives by forming an appropriate team drawn from the members of ISA community.
3. Communications, and outside interface to be channeled through the President.
  - a. All meetings with external people (government, universities, various agencies, etc) to be routed through the President's office.
  - b. The President will attempt to represent the ISA in most such meetings as far as possible and will coordinate with associated EC members to join as needed.
  - c. Press Contact - President, Chairperson and Vice-Chairperson will act as the official spokespersons of ISA. No other press contact unless specifically authorized by one of these office-bearers. This is critical, as ISA must have a consistent theme / message communicated.
  - d. For communications related to specific initiatives, the EC sponsor who acts as the coordinator within the EC for these initiatives and the Initiative Leader who owns and drives the progress of that initiative will be invited by the Chairperson / Vice Chairperson / President to join for the related Press briefings to draw from their expertise. Press

releases related to such initiatives will carry Initiative Leader's quotes as lead statements to publicly acknowledge their significant contributions to such initiatives.

- e. ISA related communication to external world (e.g. ITRI, NASSCOM, III, CMC, etc.) after due coordination with the EC member handling that relationship.
  - f. All external communications by President or any EC member that may result in significant commitment on part of ISA, should be first shared with the entire EC.
  - g. President will coordinate with official PR agency of ISA for preparation of any Press Releases and have it approved by Chairperson or Vice Chairperson in his/her absence before releasing to the press except for any exceptional situations. It is also recommended that as far as possible, President would circulate the Press Release and the presentations made to the media to EC before the event.
4. Quarterly communication to all members on the happenings at ISA by the President. However, frequency may be varied later and special communication may be sent when needed. .
  5. BoB meetings – minimum of six times in a year and minimum once in a quarter. (However, frequency may be varied later).
  6. President should be responsible for recording the minutes of the various meetings (EC, BoB, external meetings, etc) and have the EC meeting minutes covering key decisions signed by Chairperson within two weeks of such meetings for maintaining the official records as required by law. In absence of the Chairperson, Vice Chairperson shall be authorized to sign the minutes.
  7. It is important that all ISA related official communications, even between the EC members, is done with the President being informed, and through the President as much as possible or in the alternate to at least ensure that the President has been made aware of all vital communications.
  8. To a large extent, ISA functioning is critically dependent on the significant role played by Initiative Leaders and the initiative team members (drawn from the larger ISA community) in helping ISA achieve its objectives. As a token of ISA's recognition for their honorary contributions and to offer them a pride of place for such voluntary contributions, ISA shall officially recognize their roles and present them with official ISA plaques to formally acknowledge their roles in ISA functioning.

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#### **F. FINANCIAL PLANNING, DECISIONS & BUDGET APPROVALS**

To ensure maximal productivity, and minimal chaos, it is important to have a process for decision making, as well as financial approvals:

1. The EC members taking ownership for a particular initiative will work closely with their teams, and the President, on various initiatives.
2. In case, these initiatives involves some additional investments on part of ISA that have not been previously budgeted, the respective EC member will create a high level financial plan at the beginning of the year outlining the potential revenues and expenses. These inputs together with ISA Secretariat's expense plan shall be collated by the President for further review by OBs. EC

members can make financial commitments on behalf of ISA only after clearing it with EC.

3. A framework of guiding principles for ISA financial planning, budget templates and MIS formats is prepared and used as the guideline document. These guiding principles shall be observed and adhered to for maintaining long term financial health of ISA while ensuring maximum result orientation and alignment with ISA goals and strategic objectives.
4. The OBs will review the above inputs collated by President within the framework of ISA financial planning model to arrive at overall operational and financial plans for the year and take responsibility for budget closure before the end of the first quarter of new fiscal year (April – March) after due review process within the EC/OBs.
5. After the budget is approved by the EC, President will have complete operational independence within the framework of the guiding principles. Only exceptions to the approved budget, deviations from the approved framework for financial planning and expenses above certain threshold limits will require approvals from OBs as per the exception approval and expense approval process described in the guiding principles. Such approvals shall be obtained over emails as far as possible for achieving quicker speed of operation. Additional expenses beyond 10% of the approved budget for any Initiative or other expense heads would need to be approved by the EC based on an explanatory note presented to EC by President or the Initiative leader sufficiently in advance for EC to make a considered decision – no such decision should be rushed through for want of time, or clarity. Based on the financial situation, the budget amendments may be accommodated as long as they are within the framework of ISA financial planning guidelines.
6. For all actions, the EC should act in a manner which makes it accountable to the entire ISA. This is specially for all financial matters, where the finances of all member companies are involved
7. As per normal corporate governance practices for the board member of any company, personal expenses of the board members are required to be approved by the board. The guideline document describes the expense approval process for the individual business expenses of the members of EC including OBs, EMs and President. A detailed statement of individual business expenses of EC members including the President shall be prepared with the annual accounts and presented to the EC for approval and ratification along with the accounts.
8. EMs are expected to support the cost of their travel or the cost of the participation through conference calls to attend scheduled EC meetings or any public events of ISA such as Vision Summit, TLFs or Round Table Conferences on their own or through their organization. In case they need to travel for ISA specific business such as meetings with Government bodies, which can not be combined with the business of their organization, such expenses may be reimbursed as per expense approval process for individual business expenses.
9. In case of any differences of opinion within the EC for any decision – the same needs to be documented. Also, the final decision to go by majority. Chairperson will cast an extra vote in case of a tie to resolve the tie condition.

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## **G. MEETING OF THE EC**

1. For conducting the affairs of ISA and to carry out its objectives, the EC shall meet at least once every two months and the gap between two such meetings shall not be over 3 months at any time. Though unanimity is aimed at, however, should any occasion arise, the decision taken by the majority of EMs, which are in consonance with the objectives of ISA, shall prevail and shall be final and binding on all concerned. For regulating the conduct of its meeting and for regulating the day to day working and management of ISA, EC shall have the power to frame rules and regulations so that it always fulfils the aims and objectives of ISA.
2. Even though all the major decisions of ISA shall be attempted to be taken by EMs at a duly convened meeting, however, should any occasion arise, decisions may be taken by Resolutions passed through circulation and any such Resolution duly signed by a majority of EMs shall be deemed to have been validly passed at the meeting of the EC.
3. The quorum for any meeting of EC members shall be equal to or greater than 50 % of the then present EM. In case of difference of opinion, the decision of the majority amongst EMs in any matter shall be final and binding on all concerned.
4. In order to ensure maximum participation of the EC members, ISA Secretariat will publish an EC meeting calendar in the beginning of the year. EC members are expected to make it convenient to attend all pre-scheduled EC meetings in person or over the phone if not possible to attend in person. Minimum attendance expected from EC members in prescheduled EC meetings in the calendar shall be 60% failing which the member may attract potential disqualification for the purpose of being counted for making the 50% quorum.
5. It is understood that it may not be possible for EC members to attend any special meetings that may be scheduled at shorter notice less than 4 weeks in advance.
6. EC may invite any employee of member Companies, members of other industry organizations, subject matter experts or well wisher to attend board meeting for advice and participation without the right to vote, if pre approved by the EC. .
7. In the due discharge of any of the duties as EM of ISA and for powers exercised after due diligence and bonafides for the benefit of ISA, no EM shall be liable and / or held accountable for any loss occasioned to the property arising solely by reason of exercise of such right or execution of decision taken by the EM. However, in the even of willful fraud or wrong committed by any EM, the concerned EM shall be liable.
8. EMs would hold special review meeting at a few occasions during part of the pre-scheduled EC meetings or at specially convened meetings based on convenience of other EMs, in their role as the independent directors of the executive board to discuss the goals and review the performance of the President who heads ISA Secretariat and reports to the executive board for overall performance of the Secretariat in alignment with ISA vision and mission objectives. To facilitate free discussions, President will not be present at these special meetings. The outcome of such meetings will be communicated to the President by a mentor chosen by the President from amongst the EMs.

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## **H. ACCOUNTS**

As regards procedure of keeping and maintenance of accounts the EC shall comply with the following:

1. The President will update the OBs on the financial picture (balance, committed expenses, etc) at the end of every month as per the approved MIS formats. Only the MIS summary needs to be shared with OBs and not the detailed accounts or the associated supporting documents.
2. At the end of every quarter, a detailed statement of accounts will be prepared by the ISA Secretariat along with the accounting firm proposed by the President and approved by the audit committee. President will update the EC on the financial status every quarter within 4 weeks of the quarter ending.
3. Audit Committee shall cause a true and correct account to be kept of all assets, properties and liabilities and money received and expenses incurred by them in respect of the ISA. Every year the accounts shall be closed by 31st March and such accounts together with a Balance sheet and Income & Expenditure Account shall be audited by professionally qualified auditors as may be appointed by the EC from time to time, on such remuneration as they may decide. These annual statements of audited accounts shall be made ready within 8 weeks of the financial year ending, then adopted and signed by the Presidents and OBs soon after the same are ready as stated herein.
4. Annual statutory audit shall be carried out by a professional audit firm proposed by the President and approved by the audit committee.
5. All the main account books of the ISA shall be kept at the registered office or at any other place, as the EC may decide.

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## **I. SUMMARY**

The present document is an attempt to:

1. Set up a formal document for the functioning of the EC
2. Enable the EC of the ISA to work optimally
3. Define clearly
  - a. roles and responsibilities of the EC (EM, CM, President, etc)
  - b. decision making process
  - c. aMarch 24, 20103/24/2010approval process, etc.