

International Labor & Employment Law Committee Newsletter

Issue: October 2013

Editor: Tim Darby | Africa and Middle East Editor: Karen Seigel | Asia and Oceania Editor: Ute Krudewagen | Canada Editor: Gilles Touchette | European Editor: Paul Callaghan | Latin America Editor: Juan Carlos Varela | Law Student Editor: Liam Woods, Earle Mack School of Law at Drexel University | USA: Trent Sutton

India

Whistleblower Protection for Employees and Compensation Norms for CEOs of Listed Companies Proposed

[Ruchi Biyani](#) and [Vikram Shroff](#), Nishith Desai Associates

Whistleblower protection for employees and norms for Chief Executive Officer (CEO) compensation applicable to listed companies are being considered by the Indian capital market regulator Securities and Exchange Board of India (SEBI), according to a recent news article,¹ after enactment of the new Companies Act in 2013 which aims at establishing a new benchmark for corporate governance.

Corporate governance norms for listed companies are provided in what is popularly known as Clause 49 of the listing agreement executed between each listed company with the recognized stock exchange. Under the extant listing agreement, whistleblower protections are a non-mandatory requirement. SEBI now intends to make it mandatory for all listed companies to adopt a whistleblower policy to protect employees in the event they expose any wrongdoing by management.

Norms for compensation of CEOs are currently only provided under the Companies Act and are fairly basic in nature. SEBI now intends to prescribe additional provisions for listed companies that are likely to be more stringent, to curb instances of unjustified salary payments to CEOs.

¹<http://www.indianexpress.com/news/sebi-mulls-bringing-new-norms-for-ceo-pay-whistleblower-policy/1172903/>