

# **BGR ENERGY SYSTEMS LIMITED**

## **CODE OF CONDUCT**

### **1.0 Preamble and Applicability**

This code of conduct is an integral part of BGR Energy Systems Limited (the Company)'s corporate governance philosophy, principles and frame work.

The objective of this Code of Conduct is to achieve highest level of honesty, transparency, integrity and equity with all the stakeholders.

The company's philosophy on code of conduct is built on a rich legacy of fair and transparent governance & disclosure practices. This includes respect for human values, individual dignity and adherence to honest, ethical and professional conduct.

This code of conduct is applicable to Members of the Board, Presidents, Executive Directors, Key managerial personnel and Functional Heads (collectively called as Top Management) and all other employees. The code of conduct shall be deemed to have come into force with effect from April 01, 2020 and is in supersession of the extant code of conduct of the Company.

This code provides basic guidelines on the conduct of employees and all the members are expected to act diligently. Whenever a doubt or question arises on the interpretation, clarification shall be sought from the Company's Ethics officer ("EO")

### **2.0 Honesty and Integrity**

All the employees shall act in accordance with highest standards of professional and personal integrity and honesty and also, it is essential for employees to be seen by others as honest.

All the employees will practice fair play, equity, mutual trust and will act in good faith in all affairs of the Company.

Employees found accepting favors (Monetary or in kind) from Competitors, vendors, sub-contractors and sub-ordinates shall face serious consequences including probable termination of employment. Similarly, there shall be no whims and fancy except based on past experience/conduct of such party.

Every employee is expected to deal and handle the assets and transactions of the Company with care as a man of ordinary prudence and as if he deals with his own asset or transaction.

However customary gifts given during festivals like Diwali may be accepted,

Employees shall advise contractors / vendors to restrict gifts to perishables. In no case market value of such gifts should be more than Rs.2000 (Rupees Two Thousands only). In case of any gifts received in excess of this value they shall be delivered to the EO or may retained by the concerned employee with written permission of EO.

### **3.0 Respect and treatment for Individuals**

All the employees shall treat their colleagues & business associates with dignity and respect, irrespective of caste, creed, gender, religion, region, appearance or any disability. Value of humanity should be kept in mind by each and every employee while dealing with others.

Superiors shall encourage their subordinates/colleagues to express their professional views in meetings / discussions, candidly and without fear. Dissent or disagreements should be made and viewed with high level of objectivity.

Feedback on performance shall be provided as far as possible, in private. Subordinates shall be treated with equity and fairness.

Employees shall not use abusive or offensive language, tone or gesture with their colleagues or business associates. Superiors shall not insult/demean their subordinates.

Employees shall commit to create an environment which is free of any type of sexual harassment and abide by the Policy for protection of Women's Rights at the work place. Each employee shall strive to protect women employees from any act of sexual harassment and take appropriate action whenever required.

### **4.0 Confidentiality**

Upon joining the Company, all designated employees sign a Confidentiality and Non-disclosure Agreement which details their confidentiality obligations to the Company. Employees shall maintain absolute confidentiality of all the company related proprietary data and information to which they have access to in their official capacity. However, disclosures, if any, required by law or regulation may be made to appropriate agencies/authorities.

Confidential data or information shall not be under any circumstances used for personal gain or the gain of a relative, friend or any other related party. In line with this, any form of insider trading of Company's shares shall have severe consequences.

Employees shall not speak ill about the organization to anybody including external agencies, which is likely to tarnish the image or reputation of the organization.

Employees shall desist from indulging in rumor mongering/loose talks, about the organization or colleagues that is detrimental to the Company's interest.

#### **5.0 Concurrent Employment:**

An employee of the company shall not, without prior approval of the Managing Director of the company, accept employment or a position of responsibility (such as consultant or a director or any other position) whether for remuneration or honorarium with any other company or organization, nor provide "free-lance" services to anyone.

#### **6.0 Conflict of Interest**

Employees shall avoid any association or engagement which has even an apparent conflict of interest with that of the company. Where an employee is interested or concerned with any transaction in which the Company is a party, (including employment of relative, sale/purchase of goods and service from persons or firms where such employee or his relative is interested, loans, borrowings, investments) he shall make a disclosure to the EO in prompt time.

Interest of stakeholders will supersede any other interest save statutory requirements, environmental and safety matters.

Members of top management shall not hold any position including Director, Advisor with any company or organization including a competitor company/firm except with prior written approval of CEO and in case of CEO with prior approval of Chairperson.

#### **7.0 Compliance with statute**

Members of the top management and all employees shall comply with all applicable statutory enactments, rules, regulations and guidelines.

The members of top management are expected to have adequate knowledge on such matters in so far as they are required for the discharge of the entrusted functions and responsibilities.

#### **8.0 Transparency**

Members of the top management shall maintain highest standards of fairness and transparency in all their functions, interactions and dealings among themselves and with all stakeholders (shareholders, lenders, customers, vendors, employees, government agencies and the general public).

Members of the top management shall make appropriate, adequate and timely

disclosures to the Company Secretary to disseminate information and data on matters of interest to the respective stakeholders.

A Whistle blower policy is in place, with an objective to provide a channel to report any misconduct and concerns on ethical behavior and to take action thereon.

Every dealing in shares of the Company by employees who are designated persons shall be in conformity with extant Code of Conduct for trading by designated persons and make the necessary disclosures promptly.

## **9.0 Interest of stakeholders**

Members of the top management will serve the interest of all stakeholders (shareholders, lenders, customers, vendors, employees, government agencies and the general public) equitably and fairly.

Members of the top management will endeavor to adopt fair and ethical business principles and practices.

## **10.0 Anti-Bribery**

No payment by or on behalf of the Company shall be approved or made if any part of the payment is to be used for an unlawful or improper purpose, or for any purpose other than that described by valid documents supporting the payment officially.

Any expenses that an employee or third party incurs on company's behalf or in connection with our business shall not be reimbursable unless they are lawful and supported by detailed documentation including, for example, valid invoices or receipts.

No funds may be provided to or spent on behalf of a government official or entity, directly or indirectly, without advance written approval from Top Management. This includes any payments, gifts, donations, charitable contributions, sponsorships, entertainment, travel, meals, or other items of value. Advance approval is not required for official fees supported by government-issued receipts (e.g., permit or license fees).

It may please be noted that the term "government official" is widely defined and may include individuals who are employed by any public or state-affiliated institution or organization or who act in an official capacity in any way, whether full-time, part-time or unpaid. Government officials can be found in every branch and level of government and public life and may include anyone from low-level customs employees, to employees of state-owned media outlets, to high-ranking lawmakers, as well as researchers, professors, teachers, dentists, veterinarians,

or other professionals and Key Thought Leaders. If you are in doubt as to whether an individual could be considered a government official, you should contact the Chief Ethics officer.

In addition to prohibiting bribery of government officials, Company also prohibits its employees and third parties from engaging in bribery of private parties. Employees should not seek to improperly influence the judgment or conduct of any party with whom you might be conducting Company business by offering or providing any payments, gifts or other benefits, or by any other unlawful inducement.

## **11.0 CODE FOR INDEPENDENT DIRECTORS**

(Schedule IV read with Section 149(8) of the Companies Act, 2013)

The code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

### **I. Guidelines of professional conduct:**

An independent director shall:

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising his duties;
3. Exercise his responsibilities in a bona fide manner exclusively in the interest of the company;
4. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. Not allow any extraneous consideration that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage of any associated person;
7. Refrain from any action that would lead to loss of his independence;
8. Where circumstances arise which make an independent director lose

his independence, the independent director must immediately inform the Board accordingly;

9. Assist the company in implementing the best corporate governance practices.

## **II. Roles and functions:**

The independent directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. Bring an objective view in the evaluation of the performance of Board and management;
3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interest of the stakeholders;
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## **III. Duties:**

The independent directors shall –

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

2. Seek appropriate clarification or amplification of information and, where necessary , take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. Participate constructively and actively in the commitment of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the company;
6. Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. Keep themselves well informed about the company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information unless such disclosure is expressly approved by

the Board or required by law.

#### **IV. Manner of appointment:**

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively;
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders;
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management;
4. The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
  - a. The term of appointment;
  - b. The expectation of the Board from the appointed director, the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. The fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. Provision for Directors and Officers (D and O) insurance, if any;
  - e. The code of Business Ethics that the company expects its directors and employees to follow;
  - f. The list of actions that a director should not do while functioning as such in the company; and
  - g. The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board's and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours;
6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.



## **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

## **VI. Resignation or removal:**

1. The resignation or removal of an independent director shall be as provided in sections 168 and 169 of the Companies Act, 2013.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
3. Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

## **VII. Separate meetings:**

1. The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;
3. The meeting shall:
  - a) Review the performance of non-independent directors and the Board as a whole;
  - b) Review the performance of the chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **VIII. Evaluation mechanism:**

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

#### **IX. Conflict of Interest:**

Independent Directors shall avoid any association or engagement which has even an apparent conflict of interest with the operations of the company.

#### **X. Compliance:**

Board of Directors and Senior Management personnel shall affirm in writing compliance with this code on an annual basis.

### **12.0 ADMINISTRATION FOR IMPLEMENTATION AND MONITORING**

The Code of Conduct Committee shall be constituted, the details of which are as under:

#### **A) Code of Conduct (CoC) Apex Committee**

The Code of Conduct Apex Committee shall be constituted by the Committee of Directors (CoD) at the Company level, which will function as an Apex Body to interact, inform, advise and coordinate with the CoD on all issues relating to the Code of Conduct. The apex Committee shall be headed by an Ethics Officer, nominated by the Director (Governance & Legal) in consultation with MD.

The Apex Level CoC Committee shall consist of a minimum of five members, including the Ethics Officer as Head, preferably at the level of Vice-president or above, Head HR, a General Manager level officer of Finance and Accounts, and the Company's legal head will be members of CoC Apex Committee. As far as possible, it will draw upon people from other divisions, Will co-opt/invite additional members from time to time depending on the matters to be discussed/investigated.

##### **i) Role of the CoC Apex Committee**

- To ensure implementation of CoC across the Company.
- Deal with instances of non-compliance as reported to it by the Unit Level CoC Committee or directly as per the situation.
- Review the functioning of the Unit Level CoC Committees.
- Examine issues of amendment/modification of the Code of

Conduct.

- Recommend/advise COD on follow up action in cases of non-compliance.

**ii) Meeting and Deliberations**

Apex Level Committee shall meet at least twice a year.

**B) Unit Level CoC Committee**

Each Division will form a CoC Committee consisting of at least four members, headed by the Divisional Head, with Head of Accounts, Head of HR and a Senior person from Operations.

**i. Role of the Committee**

- Creation of awareness of the CoC.
- Initiate steps to motivate employees to follow CoC.
- Provide clarification to any individual employee/Business Unit Manager regarding the meaning/applicability of any Code.
- Monitor compliance of Code of Conduct and investigate instances of non-compliance.
- Send recommendation in cases of non-compliance to Apex CoC Committee for action.

**ii) Meeting and Deliberation**

The Unit Level Committee shall meet at least once in a quarter.

**13.0 Acknowledgement**

Employees and Directors are required to acknowledge that they have read and understood this Code. Under no circumstances does a failure to read this Code may exempt an employee from his obligation to comply with this Code.

**14.0 Waiver**

No waiver of compliance with any part of this Code shall be made except with prior written approval of EO and in case of President and Director such waiver shall be made by the CoD or Board of Directors.