



KALPA-TARU[®]

POWER TRANSMISSION LIMITED

Kalpataru Code of Conduct (KCoC)

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I. Ethics

1.1 Background

A conflict of interest could be defined as a situation that arises when a decision-making authority is seen to have a personal stake in the outcome of the decision itself. This policy covers various situations, which a KPTL employee may face in the areas of financial control, personal integrity, conflicts, etc. In addition, the role, which they should play in such circumstances. For every employee of the Company including those on contractual employment to be responsible and loyal to his/her employer, it is appropriate to follow certain laid down set of practices.

1.2 Objective

Although, KPTL recognizes and respects the right of employees to take part in activities outside their jobs, those activities must be lawful and free of conflicts with their responsibilities as KPTL employees. Employees must not misuse KPTL resources or influence, or discredit KPTL's good name and reputation. All KPTL Employees must ensure fair dealings with Customers, Suppliers and Colleagues.

Following are the broad parameters of the policy and the framework for proper employee conduct.

Examples of conflicts of interest, which are to be avoided:

1. Holding financial interest directly or indirectly, including through close relatives in:
 - A company to which business is given;
 - In a company in which the employee is involved in making a buy-out decision.
2. Directing business to a supplier managed by a relative or close friend.
3. Soliciting subcontractors and vendors for donation / advertisements to a charity, in which the employee is involved.
4. Using company facilities for personal purposes or for spouse's / relatives business.
5. Treating personal expenses / trips as business expenses / trips.
6. Taking a part-time job requiring the employee to spend time, during normal working hours or using office equipment in meeting personal responsibilities.
7. Making a promotion decision about a spouse or relative.

1.3 Consultancy

All KPTL employees should avoid this.

1.4 Membership of social service organisations

Potential conflicts arise when an employee takes up memberships of Organisations and Associations that undertake Social Service of various kinds. Conflicts arise in the form of fund-raising from KPTL for such Associations / Organizations, using company infrastructure and facilities to discharge responsibilities towards that associations / organisation and providing use of such facilities directly to the Association /

Organisations and its members. Prior approval from Head (HR) should be obtained, for undertaking such activities.

1.5 Bribery

To “bribe” or “bribery” means directly or indirectly offering, promising, giving, accepting or soliciting ‘Anything of Value’ (which could be financial or non-financial), and irrespective of location(s), in violation of applicable law to an individual, a government official or an employee of a commercial enterprise for the purpose of obtaining or retaining business, to win a business advantage, or to influence a decision regarding KPTL. This also includes obtaining licenses or regulatory approvals, preventing negative government actions, reducing taxes, avoiding duties or custom fees, or blocking a competitor from bidding on business.

It is the responsibility of every KPTL employee(s):

- Not demand, receive, offer, promise or give anything of value to a government official or any other person or party in order to provide/ gain an improper business advantage;
- Not to make hiring decisions to benefit a government official(s);
- Not to offer or accept bribes or kickbacks;
- Record all payments and receipts completely and accurately on a timely basis;
- Not to use an agent or other third party to make improper payments that cannot be made directly;
- Not to make or arrange or request for facilitation or ‘grease’ payments (payments to government official(s) to expedite or secure performance of a routine government action)

For detailed guidance on anti-bribery and anti-corruption, refer to ‘KPTL ABAC Policy’

1.6 Corrupt Practice

Any offering, giving, receiving or soliciting directly or indirectly of ‘Anything of Value’ to influence improperly the actions of another party. Any other misconduct related to fraud, cartels and other anti-trust/anti-competition offences, collusion, coercive practices or money laundering shall tantamount to a Corrupt practice.

Misconduct related to fraud, cartels and other anti-trust/anti-competition offences, collusion, coercive practices or money laundering shall tantamount to a Corrupt practice and KPTL strictly prohibits such practices across its Business functions. KPTL Internal Stakeholders and External Stakeholders should refrain from such kind of misconducts and in case if they become aware of same, it should be immediately reported to the ABMS Committee. The Business Unit Heads and Function Heads should ensure that respective business units / functions do not form any kind of cartel or engage in anti-competitive behaviour while bidding for Tenders. The Employees of the Company should strictly follow the requirements of KPTL ABAC Policy w.r.t disclosure of engagement of third parties in bid submission, disclosure of complete information in tendering documents and attending the specialized trainings as organised by the Company from time to time.

1.7 Gifts

The Employee shall not seek or solicit any kind of favours, cash or kind, either directly or through, and/ or for, spouse or any other relative, from third parties*.

**Third party (ies): Includes any individual or entity acting as a vendor to or supplier of KPTL, acting on behalf of KPTL, under the supervision of KPTL, or jointly with KPTL, engaged in order to market or deliver services, in connection with KPTL's business. Such individuals or entities may include but are not limited to consultant(s), advisor(s), lawyer(s), surveyor(s), retainer(s), specialist valuer(s), academic institution(s), contractor(s), software supplier(s), agent(s), and/or other specialist(s). Third parties are further categorized based on the purpose for which they are engaged. These categories include joint business relationship partner(s), subcontractor(s), commercial associate, vendor(s) or supplier(s)*

Giving of gifts: Prior to giving any gift, KPTL stakeholders are required to obtain a pre-approval from the respective BU Head or from the Anti Bribery Management System (ABMS) Committee depending upon the recipient of the gift by submitting 'gift declaration form' as mentioned in KPTL's Anti Bribery Anti-Corruption Policy.

Receipt of gifts: KPTL discourages receipt of any type of gifts by its internal stakeholders from its external stakeholders (including customers, vendors and other third parties). Receipt of reasonable and customary edible gifts (such as sweets / dry fruits) during festivals shall be reported to the Chief Ethics Officer and shall be distributed amongst the employees.

Hospitality: Hospitality/ Hosting / Business courtesies can be offered or received when it is considered customary, legal, properly and accurately recorded. It should be reasonable and follow the accepted customary norms/practices and legislations of the country including meals, accommodation and transport and customer specific hospitality events.

For detailed guidance on gifts, entertainment, hospitality refer to 'KPTL ABAC Policy'

1.8 Directorship of firms and companies outside KPTL

All Directorships should be cleared by the Chairman's office.

1.9 Relatives as competitors

Close relatives in the employment of competitors should be disclosed with details of relationship and responsibilities held. If employment is unavoidable or an ongoing one for a long time, employee should exercise great discretion in maintaining confidentiality of Company information.

1.10 Confidentiality and discretion

Employees should, at all times, realise that they are in possession of sensitive, classified and confidential information that should not be shared with, in any circumstances to Competitors, investment analysts, Stock brokers, Newspaper reporters and Media persons. Some illustrations of such information are given here.

- Financial Information;
- Tax Planning measures;
- Potential Joint Venture deals being negotiated;
- New product introductions;
- Manufacturing process and recipe for products.

Employees should maintain total confidentiality with any such classified information. In the event of any query, clarification or explanation sought by any statutory authority, government official and/or police or judicial authority, the employee may, after taking prior approval of the President / MD, share such sensitive, classified and confidential information.

1.11 Company contractors for residence/personal job

Employees should not have the same contractors, who are doing work for the company, for their personal jobs.

1.12 Accepting honoraria for lectures outside

This is permissible provided:

- Advance clearance is obtained from Head (HR);
- Proprietary KPTL information is not revealed in the talk / presentation.

1.13 Financial interest

Among the most common types of financial interest are:

- Ownership of equity;
- Partnership interest.

Direct or indirect interest through a trust or other relationship.

Financial interest is a problem as soon as it presents a potential for conflict of interest with responsibilities as a KPTL employee.

For example, the employee's job might involve selecting suppliers, selling to customers, or extending credit to other companies. A potential problem might exist if the employee - or a relative - also had a personal financial interest in one of those companies.

The interest could be direct or indirect - what matters is the fact that actions as a KPTL employee might affect the value of the interest in the other company.

Discretion and great care are recommended for all such opportunities, The Business Unit Head/HOD must be kept informed.

1.14 Setting up part-time business or taking part time-jobs

This is not permissible. Every KPTL employee is expected to give the best in terms of time, creativity and energy. Involvement in Part-Time business or Part-Time job will hamper employee performance and will result in a conflict of interest situation.

1.15 Insider trading and stock tipping

SEBI prosecutes insider trading and imposes severe penalties on persons and organizations involved therein. Avoiding this kind of activity within the Company is of utmost importance. An insider trader is one who –

- Either on his own behalf or any other person, deals in securities of a body corporate listed on the stock exchange, on the basis of any unpublished price sensitive information; or
- Communicates any unpublished price sensitive information to any person with or without his request, for such information, except as required in the ordinary course of business or under any law; or
- Counsels, or procures for any other person, to deal in any securities or any corporate, based on unpublished price sensitive information.

We are committed to the principles of fair and open markets for publicly traded securities - where everyone has an equal chance to succeed. At the same time, all Employees must exercise great care that none of the above is ever violated.

1.16 Business Communication

All communications made to the public on behalf of company are subjected to disclosure requirements. Appropriate disclaimers shall be used, especially when the communication contains privileged information. Every external communication on behalf of company shall be accurate, complete, relevant, balanced and in compliance with applicable laws. Providing inaccurate, incomplete or misleading information shall be termed as illegal and could lead to fines, sanctions and/or criminal penalties to the company and the individuals involved therein.

1.17 Personal integrity

In day-to-day work, most employees are called upon to support broad company objectives like providing equal employment opportunity and environmental protection. Some responsibilities are on a more personal level. For example, every employee also has a direct role in helping to keep the company's records accurate and in protecting company assets.

Other issues can challenge individual integrity. Sometimes the chance for illegal or unethical personal gain will arise. That is when employees must remember individual integrity. Every employee should develop the ability to distinguish the right from the

wrong and uncompromisingly follow the right - even when it may be very tempting to do otherwise.

1.18 Honesty, Integrity & Trust

Employees should be honest, fair and trustworthy in all business relationships. They shall obey the law and take responsibility for their actions and consequences. Employees shall be responsible for exemplifying the highest standards of ethical conduct. Employees must demonstrate trust and respect in dealings with colleagues in the organization as well as external parties. Disrespectful behaviour is strongly discouraged and shall not be tolerated. Even during non-working hours, employees shall not indulge themselves in any acts / activities, which can tarnish the image of the company.

1.19 Financial controls & records

Every employee should follow financial accounting, reporting and control procedures, as well as rules for the release of financial information outside the company.

Whether a time card is being filled-out, purchase orders are being prepared or financial status of the company is being reported, strictly follow the accounting, reporting and control procedures. Keep records accurate, timely and complete, and protect the security of assets.

From time to time auditors may want to look at files and discuss matters with employees. Every employee should welcome these reviews because they are designed to prevent problems from occurring. Under company policy, every employee is obligated to give auditors full access to records and any other co-operation required.

In addition, all financial information should be kept confidential and should be released to others, only after considering the interests of the company as a whole and after appropriate authorization.

1.20 Environment, Health & Safety (EHS)

In all aspects of Company's operations, Safety, health and clean environment shall be of prime importance for its employees, customers and society. The company has formulated the Environment, Occupational Health & Safety Policy to create and provide a safe, supportive and productive work environment to all its employees and business associates.

We expect our employees to strive for zero workplace injuries and occupational illnesses. We also encourage them to promote and inspire leadership towards achieving the highest level of EHS standards.

The Company shall maintain a drug-free work environment. Employees shall not misuse the controlled substances –i.e. sell, distribute, possess, use or be under the influence of illegal drugs, alcohol in the workplace, Guest Houses, Camps and company premises.

1.21 Sexual harassment at workplace

The Supreme Court has laid down stringent rules in this regard. Equality in employment can be seriously impaired when women are subjected to gender specific harassment such as sexual harassment at workplace. Such conduct is discriminatory when the woman has reasonable grounds to believe that her objection would disadvantage her in connection with her employment, including recruiting or promotion, or when it creates a hostile working environment.

KPTL strongly believes in Equality in employment. It is expected of all the KPTL employees to always maintain equality of employment and to prevent the commission of acts of sexual harassment.

Sexual harassment is defined as unwelcome sexually determined behaviour as –

- Physical contact and advances;
- A demand or request for sexual favours;
- Sexually colored remarks;
- Showing pornography;
- Any other unwelcome physical, verbal or non-verbal conduct of sexual nature.

In this regard, the Employee can refer to the procedure for resolution, settlement or prosecution for acts of sexual harassment. For this purpose, a full set of guidelines is available with HR. Any such incident must be reported to the Head (HR), so that appropriate steps are taken to prevent sexual harassment.

1.22 Corrective action

Corrective action may be required even if an employee reports a Potential conflict of interest. There need only be a realistic possibility of injury to KPTL for a manager to consider taking corrective action. If situation could impair an employee's judgment or performance of company duties, damage KPTL reputation, or result in a direct financial loss to KPTL, steps should then be taken to correct the situation.

While the code has attempted to cover a number of areas, it cannot be comprehensive. Whenever any conflicts are perceived, it is best to consult the President / HOD / superior before taking any decision, in such cases.

Stakeholder(s) can raise any concern w.r.t. violation of ABMS Policies through below channels:

- by writing a letter to the Chief Ethics Officer, ABMS Committee at Kalpataru Power Transmission Limited, 101, Part III, G.I.D.C. Estate, Sector-28, Gandhinagar — 382028, Gujarat, India; or
- by sending an email to abms@kalpatarupower.com; or
- by calling on whistleblower helpline at +91 79 23214 100 (during weekdays); or
- by sending a complaint letter in a sealed envelope marked “Private and Confidential” to the Chairman of the Audit Committee, Kalpataru Power

Transmission Limited, 101, Part III, G.I.D.C Estate, Sector 28, Gandhinagar -382028, Gujarat, India.

For detailed guidance on whistleblower mechanism refer to 'KPTL Whistleblower Policy'

For any other actual or potential violations under KCoC other than bribery or corruption matters employees can raise their concerns to President HR & Admin by sending an email on kcoc@kalpatarupower.com or contacting him at +91 79 23214 216 or writing a letter to him.

II. Code of conduct

- 2.1 Employee shall devote his / her whole time and attention to, use his / her best skills, and care in the business and affairs of the Company and at all times faithfully and diligently perform such duties assigned to him / her by the Company.
- 2.2 Employee shall not at any time during the continuance of the employment hereunder solicit, seek, engage or be interested or concerned either directly or indirectly or alone or jointly in any other office, trade, business or occupation save the previous permission in writing of the Company.
- 2.3 Notwithstanding anything to the contrary in this document if, in the opinion of the Company, an employee commit any breach in the observance of performance of his / her obligations hereunder or if the employee is, in the opinion of the Company, guilty of any misconduct, including disobedience, breach of duty or gross carelessness or if the employee is absent himself / herself without leave then and in any and every such case it shall be lawful for the Company, (notwithstanding any waiver by the Company of antecedent breach or circumstances justifying the termination of the services of the said employee under this clause) to terminate this employment forthwith without notice whatsoever and/or to dismiss the employee from the services of the Company without prejudice to the Company's remedial rights in respect of such breach or circumstances. In the event of such termination or dismissal, the employee will be entitled to his / her salary, if any, only up to the date of termination.
- 2.4 As a corollary to his / her obligation, under clause II (1), the employee shall devote his / her whole-time attention to the Company and will use his / her best skills and care for the benefit of the Company. Any discovery or invention or secret process or improvement in procedure made or discovered by the employee or any work capable of copy right whilst in the service of the Company in connection with or in any manner affecting or relating to the business of the Company or capable of being adopted for use therein or in connection therewith shall forthwith be disclosed to the Company and if and whenever required to do so by the Company, the employee shall, at the cost the Company, apply or join the Company in applying for letters patents or other equivalent protection in India and in any other part of the world for any such discovery, invention, process or improvement as aforesaid and shall at the cost of the Company execute and do all instruments and things necessary for vesting

the said fetters patents or other equivalent protection when obtained and all right, title and interest to and in the same shall vest in the Company absolutely and as sole beneficial owner or in such other person as the Company may specify.

2.5 During employee's association with the Company, he / she will have access to and be furnished with such information, trade secrets, processes, inventions, customer / supplier lists, etc. Which would be sensitive for the Company and therefore would be treated as absolutely confidential and he / she may himself / herself develop or be a contributory to such Confidential Information. Hence, as a corollary to employee's bounden duty to act always in the interest of the Company, he / she shall be obliged not to divulge or communicate to any person other than necessary to those who need to know such information for Company's business and use such Confidential Information solely for the benefit and in the best interests of the Company.

2.6 As such, Confidential Information belongs to the Company and is always to be used for the Company's benefit, needless to mention, such obligation on the part of employee will have to be honoured, and even after he / she ceases to be associated with the Company. Considering the sensitivity of the confidential information which will come to the knowledge of the employee, he / she shall not engage in any activity even after ceasing to be in employment with the Company, which will adversely affect the interest of the Company including advising and utilizing the information for the benefit of any party to the disadvantage of the Company.

Hence, the employee shall not, either directly or indirectly, at any time within twelve months after cessation of employment with the Company, take up any employment, assignment, partnership, or proprietorship or become a director, shareholder, agent or associate or be associated in any manner, whatsoever, with / in any business or organisation, which is in competition with the Company.

Employee can also during the tenure with the Company and during the notice period prior to separation with the Company, be restrained from coming to work, associating or communicating with the Company officials for such time as is considered necessary.

2.7 Employee shall not at any time within twenty-four months after the cessation of his / her employment with the Company, either directly or indirectly, or through any proprietary firm or a partnership firm in which he / she is a partner or through any company in which he / she is a shareholder or director, or associated in any manner whatsoever, solicit or employ or appoint as agent, or associate with, any employee or officer of the Company.

Provided that the said restriction shall also apply with respect to engaging a former employee, agent or associate of the Company unless a period of twelve months have elapsed since the date of separation of the concerned former employee, agent or associate.

However, the aforesaid restrictions can be waived, only with prior written permission of the Managing Director of the Company.

- 2.8 It is hereby agreed by the Employee that in the event of a breach of clause 2.6 and clause 2.7 above, the Company shall be entitled to initiate appropriate legal proceedings for the redressal of the damage including proceedings to restrain him / her from continuing the said breach.
- 2.9 Each employee shall ensure that he does not commit an act which constitutes a Corrupt Practice. In case an employee commits such an act, he shall be liable for disciplinary actions as per policies of the Company.
- 2.10 Employee shall also not request, encourage, interfere or cause any of the past, present or prospective customer, supplier, employee, independent contractor to withdraw, curtail or cancel a business relationship with the Company.
- 2.11 Employee shall fully comply with all rules and regulations as applicable in the company for Kalpataru Power Transmission Limited.

M A Baraiya
President (HR& Administration) and Ethics Officer