

# SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED

## Code of conduct and ethics For Directors and Senior Executives

[ Vide Clause 49 of the Listing Agreement ]

### 1. Introduction

The Company aims to be the industry leader by achieving excellence in everything it does including standards of business conduct. This objective shall be achieved by adopting a policy to conduct its business with responsibility, integrity, fairness, transparency and honesty.

The purpose of this 'Code of Conduct' is to promote conduct of business ethically to meet its obligations to shareholders and all other stakeholders in an efficient and transparent manner. This 'Code of Conduct' is derived from the Company's guiding principles as enshrined in "Our Principles of Responsibility " document of Schneider Electric group and is also a tool in carrying out the Company's social responsibility in a more effective manner. This Code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and employees and the external environment in which the Company operates.

### 2. Application of this Code

This Code of Conduct applies to all the Directors (Board members) and senior executives of the Company. Senior Executives shall mean the members of core management team of the Company excluding Board of Directors and shall comprise all the members of management one level below the executive directors, including all functional heads.

Where the Company is a major or strategic shareholder in another Company, that Company and any joint venture partner or other shareholder(s) should also be made aware of this Code and encouraged to have a similar Code.

The Company's aim shall be to choose as business partners, people with high moral and ethical values compatible with its own. If the Company finds itself in a business relationship with anyone (e.g. distributor, agent, joint venture partner, supplier, etc.)

where it is clear that there is a serious incompatibility, which cannot be resolved, the Company will seek to terminate such relationship.

### **3. Regulatory Compliance**

The Company is committed to high standards of corporate governance and believes in compliance with all the laws and regulations both in letter and spirit. The Company endeavors to set high standards for itself, which are ahead of time and higher than those stipulated by law. The Company is committed to provide in time, accurate and complete information as required, to all concerned including its stakeholders.

Every Director and senior executive of the Company shall, in his business conduct, comply with all applicable laws and regulations, both in letter and spirit.

### **4. Respect for individual**

The Company's vision is based on inspiring and unleashing creative potential in human assets of the Company. This is possible only in an environment where the rights of those around us are respected. In this direction, the Company shall:

- treat individuals in all aspects of employment solely on the basis of ability irrespective of race, caste, creed, religion, age, disability, gender, sexual orientation or marital status, and
- not tolerate racial, sexual or any other kind of harassment.

### **5. Honest and Ethical Conduct**

The Directors and senior executives of the Company shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. Honest conduct is conduct that is free from any fraud or deception. Ethical conduct is the conduct conforming to the accepted professional standards of conduct and shall include ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

## **6. Conflicts of Interest**

The Directors and senior executives shall not engage in any activity or enter into any pecuniary relationship which might result in conflict of interest, either directly or indirectly.

A “conflict of interest” occurs when an individual’s private interest, directly or indirectly, interferes or appears to interfere with the interests of the Company. The Directors and senior executives must act at all times in the Company’s best interests and avoid putting themselves in a position where their personal interests conflict or appears to conflict with the interest of the Company. The personal interests will include those of their relatives. Any Director or senior executive, who is aware of a conflict of interest or is concerned that a conflict might develop shall disclose the matter promptly to the Board of Directors in case he is a Board member and to the Managing Director in case of a senior executive.

### **6a. Independent Directors**

An Independent Director should make a self declaration as the provisions of Section 149 (6) of the Companies Act, 2013 in a format prescribed to the Board that he satisfies the legal conditions for being an independent director. Such declaration should be given at the time of appointment of the independent director and at the time of change in status.

Board of Directors should disclose in the Directors’ Report that independent directors have given self declaration and that also in the judgment of the Board they are independent.

### **6b. Duties of Independent Directors**

The independent directors of the Company have the same duties and responsibilities as other directors and the Board together is collectively responsible for the management of the organization. In addition, they are also bound by the mandatory “code for independent directors” provided under Schedule IV of Companies Act, 2013, as amended from time to time. Some of the important duties and functions stipulated under the code include:

- (1) to undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) to 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, general meetings and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) 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;
- (6) to keep themselves well informed about the company and the external environment in which it operates;
- (7) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (8) to 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;
- (09) to 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;
- (10) to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (11) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (12) 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.

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## **7. Misuse of Opportunities and Information**

Directors and senior executives owe a duty to the Company to advance the Company's business interest as appropriate. Directors and senior executives are prohibited from taking (or directing to a third party) a business opportunity (relevant to the line of business intended to be pursued by the Company) that is discovered through the use of corporate property, information or position, unless the Company has already been

offered the opportunity and turned it down. The Directors and senior executives are prohibited from using corporate property, information or position for personal gain and from competing with the Company. Wherever it is difficult to differentiate between personal and Company benefits or there are both personal and Company benefits in certain activities, the only prudent course of conduct for the Directors and senior executives is to make sure that any use of Company property or services or such transactions that is not solely for the benefit of the Company has the prior approval of the competent authority/Board of Directors, as the case may be.

## **8. Confidential Information**

During the course of employment or dealing with the Company, any information of a confidential nature (whether about the Company, other companies or individuals) that is known to Directors or senior executives shall be treated as confidential unless publicly available. Such information should be used only for the purpose of the business of the Company. This obligation shall continue for three years even after leaving the Company or ceasing to be a Board member.

The Company also respects the rights of others regarding their confidential information. Where a certain information is received from third parties under conditions of confidentiality, the Directors and senior executives shall comply with those conditions but no-one shall solicit confidential information from third parties without prior authorisation.

The use of Company information for personal gain is strictly prohibited. In particular, Directors and senior executives or members of their families should not trade in securities of the Company when in possession of unpublished price sensitive material. The Directors and senior executives shall also comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992 and 'Code of Internal Procedures and Conduct for Trading in Securities of the Company'.

## **9. Fair Dealing**

The Company does not seek competitive advantages through illegal or unethical business practices. Each Director and senior executive should endeavour to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No Director or senior executive should take advantage of anyone through

manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair practice. The Directors and senior executives shall immediately bring to the notice of the Board and the Managing Director, respectively, any unethical behavior and actual or suspected fraud.

#### **10. Protection and proper use of Company's Assets**

The assets of the Company shall not be misused by the Directors and senior executives during the course of conducting the business of the Company or otherwise. The assets include tangible assets such as equipment and machinery, systems, facilities, materials, resources, etc. as well as intangible assets such as proprietary information, process, design, etc. whether patented or not, relationships with customers and suppliers, etc.

#### **11. Bribery**

The payment of bribes, kickbacks or any other payment of any nature, whether in cash or kind, to obtain business or otherwise gain advantage for the Company is strictly prohibited, irrespective of whether such payments or offers are made directly or indirectly.

#### **12. Gifts and Entertainment**

Though business gifts and entertainment are customary in many parts of the world they need to be viewed with caution. The Directors and senior executives may accept and offer nominal gifts which are customarily given and/ or are of commemorative in nature for special events in line with the Company's Gift and Entertainment Directive. Except for above, the Directors and Senior Executives shall neither receive nor offer or make or give, directly/ indirectly, any illegal payments, gifts or any benefits which are intended to obtain unethical favour for the Company.

#### **13. Wealth Creation**

The Directors and senior executives shall be committed to enhance the shareholders' worth/value and shall strictly comply with all regulations and laws that govern shareholders' rights. The Board shall duly and fairly inform the shareholders all relevant aspects about the company's business and disclose such information as may be required, from time to time, in accordance with the applicable rules and regulations.

#### **14. Corporate Social Responsibility**

The Company is committed to serve the community around its area of operations. The Company believes that no organization can survive in isolation and it has a responsibility towards public at large. The Company aims to reach out to the neighbouring communities, conserve the environment and nurture young people. The Company shall continuously take requisite community development initiatives around the areas of its operations. Company is committed to sustained development and environmental protection while doing business including selling safe products.

#### **15. Safety, Health and Environment**

The Company's vision envisages no compromise in its commitment to safety, health and responsible care for the environment. Health and safety of the people in and around its area of operations are of paramount importance to the Company.

The Company is committed to environment protection, pollution control and maintenance of ecological balance. The Company shall maintain high standards of pollution control, environment protection and safety.

#### **16. Financial and Operational Integrity**

The Company is committed to disclose in its financial statements all the information required to be disclosed under the relevant accounting standards or under any laws or regulations. It is essential to record all the transactions fully and properly in the financial statements.

The fees and compensation payable to the Directors – both executive and non executive, shall be fixed by the Board and approved by the shareholders as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.

No record entry or document shall be false or misleading and no undisclosed or unrecorded account, fund or asset shall be established or maintained. The Auditors shall be provided full access to all information and records of the Company.

The Company will not knowingly assist any fraudulent activity by others.

## **17. Outside activities**

The Company discourages the involvement of the Company or its employees in any political activity and avoids being seen as being associated with any political party.

Any employee joining a trade association must pre- inform the Managing Director and take specific permission to join the association. Also he must inform the Company each time when he proposes to attend any meeting in such a forum.

## **18. Implementation**

Directors and senior executives are accountable for full compliance with this Code of Conduct. Sanctions for breach of this Code shall be determined by the Board of Directors in case of members of the Board and Managing Director in case of senior executives. Sanctions may include serious disciplinary action, removal from office as well as other remedies, all to the extent permitted by law and as appropriate under the circumstances. The senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect by the Managing Director.

A formal implementation and monitoring plan shall be designed to promote awareness of and adherence to this Code.

**19.** Any significant breach of this Code by the Directors and senior executives must be notified to the Board of Directors and Managing Director, respectively. The Managing Director shall report to the Company's Board on the Code's operation and effectiveness alongwith any significant breach of the Code. Interpretation

Any question relating to how this Code should be interpreted or applied should be addressed to the Company Secretary/Compliance Officer.

## **20. Adoption and Commencement**

This Code of Conduct was adopted by the Directors on 16<sup>th</sup> December 2011 and shall be deemed to have come into force with immediate effect.

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