



Code of Business Conduct and Ethics

Introduction

It is believed that the primary duty of the Board of Directors is to ensure that the Company adheres to all the standards of good corporate governance and is practiced in its true spirit. It is said that Charity begins at home, hence all good governance practices start from the Board and ends at the Board. Good Corporate Governance is aimed to promote and enrich the level of honesty and integrity at all levels of Company Management. It is also aimed to discourage any kinds of fraud, irregularity and malpractices in decision making process and its implementation.

The Company i.e, **Shyama Power India Limited** (Shyama/SFIL) is committed to respect the above stated belief and to follow all good standards, purely on voluntary basis, which lead to value creation and value addition for all stake holders and ensure that good governance results into wellbeing of all stake holders.

At Shyama, we are committed to adopt and observe the highest principles of ethics and business practices in conducting our business. However, it is not possible to achieve this without employees and others support. The Code of Business Conduct & Ethics (the Code) applies to Shyama and its subsidiaries/Associates/Group Companies. The Code sets forth the responsibilities of Directors including Independent Directors, of the Company and employees at all levels, for managing the business activities with integrity and legal compliance.

This Code supersedes all other codes, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent. As employees of Shyama, you are expected to uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors understand and adhere to these standards.

It is essential that you thoroughly review this Code and make a commitment to uphold its requirements. Failure to read and/or acknowledge the Code does not exempt an employee from his/her responsibility to comply with the standards of the Code and internal policies that are related to his/her job.

Code of Conduct for Members of the Board and Senior Management

This Code of Conduct thus framed shall be known as Code of Conduct and Ethics ("the Code") for Directors and Senior Officers as defined hereunder :

This Code is intended to focus on all the Board members and Senior Officers on areas of ethics, integrity and honesty, providing guidance to help them recognize and deal with ethical issues, mechanism to report unethical / dishonest conducts and foster a culture of honesty, integrity and accountability.



Applicability of the Code

This is a comprehensive code and applies primarily to all the Board Members and Senior Officers including KMP's and includes all employees one level below the Board including functional head of each department and sites/unit etc. When context requires, it shall also be applicable to other officers and employees of the Company. However, the provisions shall apply to Executive and Non-Executive Directors including Independent Directors only to such extent as may be applicable depending on their respective roles and responsibilities.

Seeking Help and Information

The Code is not intended to be a comprehensive rulebook and cannot cover every issue or situation you may face as Shyama employee. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with Company's ethical standards, please seek help. We encourage you to contact your supervisor for help first.

If your supervisor cannot answer your question, or if you do not feel comfortable contacting your supervisor, please contact the Secretarial/HR Department. You may also seek help from or submit information to the Company by writing to the Company at the email address i.e cs@shyamapower.com. If you have any questions, you can contact the Legal Department to clear your doubts.

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully complies with the policies governing the Company's business dealings.

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company.

If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Secretarial / Legal Department, who will work with you and your supervisor to investigate your concern. If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Secretarial / Legal Department directly.

Employees submitting this information need not leave their name or other personal information and reasonable efforts will be made to conduct the investigation that follows from the report from an employee in a manner that protects the employee's identity.

All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Secretarial / Legal Department and the Company will protect your identity to the extent possible, consistent with law and the Company's need to investigate your concern.

Shyama prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the



employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

Conflicts of Interest

The Board Members and Senior Officers as well as employees shall always act in the interest of the Company and shall ensure that their personal interest is not in conflict with the interest of the Company. They shall ensure that any business or personal association which they may have does not involve a conflict of interest, actual or potential, with the operations of the Company and his / her roles therein. To the extent possible they shall not enter into a transaction, either directly or indirectly, which amounts to related party transactions under the Companies Act, 2013. However, when any such transaction is entered into on the footing that it is for the benefit of the Company or otherwise it is necessary to enter into such transactions, no such transaction shall be entered without complying with all the procedure prescribed under the Companies Act, 2013 and any other stipulations, without disclosing interest including nature of interest and all the executives attending the meeting ensure that they don't participate in those decision-making process.

A conflict of interest, actual or potential, may arise where directly or indirectly:

- a. an employee of a company engages in a business, relationship or activity with anyone who is party to a transaction with his / her Company.
- b. an employee is in a position to derive an improper benefit, personally or to any of his/her relatives, by making or influencing decisions relating to any transaction.
- c. a judgment of the Company's best interest cannot be exercised.

The main areas of such actual or potential conflicts of interest shall include the following:

- a. an employee or a director of a Company conducting business on behalf of his / her Company or being in a position to influence a decision with regard to his / her Company's business with a supplier or customer where his / her relative is a principal officer or representative, resulting in a benefit to him / her or his / her relative.
- b. award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of a Company, where such an individual is in a position to influence decisions with regard to such benefits.
- c. the interest of the Company or the Group can be compromised or defeated.

Fair Dealing

Employees and directors should deal fairly with the customers, suppliers, competitors and employees of the Group Companies. They should not take unfair advantage of anyone through concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts or any other unfair dealing practices.



You, as an Employee of Shyama will:

Devote your full attention to the business interests of the Company and will not engage in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Employee will obtain approval from the Company's Ethics Committee before accepting outside directorship or external engagement.

Not conduct Company business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Company's Secretarial / Human Resource Department.

All employees and Directors must avoid situations involving an actual or potential conflict of their personal interest with the Company. You should always be committed to your first responsibility, which is towards the Company, and its stakeholders. Any situation where a conflict of interest might occur or appear to occur should be avoided. Your specific involvement with a competitor, supplier, employee of the Company, creates an actual or potential conflict of interest. An employee involved in any such relationship or situation described in this policy should immediately and fully disclose the relevant circumstances to the appropriate supervisor. You are expected to maintain transparency in this matter. The Company may take corrective action based on whatever appears appropriate, according to the circumstances.

Accounting and Financial Reporting

All the books of accounts shall be prepared and maintained fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

The accounting procedures shall fairly and accurately reflect all the Company's business transactions and disposition of assets. All required information shall be accessible to the Company's Auditors (both internal and external) and other authorized persons and Government Agencies, as and when required.

All the directors and employees shall ensure that the Company's information furnished to the Government Departments / Authorities, Financial Institutions and Banks is authentic and accurate.



Business Ethics

Uncompromising business ethics are an integral part of our values.

You are expected to uphold the highest standards of ethical behaviour and integrity. We believe that ethical and economic values are interdependent and the business community must always strive to operate within the accepted global norms.

While Discharging Your Duties You Are Expected To:

Apply “zero tolerance” in assuring strict adherence to local and international laws and ethical standards.

Ensure continuous training and awareness for employees on how to handle ethical issues, as well as timely advice and guidance.

Regularly monitor ethical conduct and ensure that accessible systems are in place for employees or others to report potential violations

Attendance and Participation in Board Meeting

Every Director:

- a. shall make reasonable efforts to attend Board and Committee meetings regularly.
- b. shall apply independent and open mind in various discussion at Board or Committee meetings.
- c. shall share his knowledge and experience on all the agenda during the meeting proceedings.

Corporate Business Opportunities

In carrying out their duties and responsibilities, employees and directors are prohibited from:

- a. exploiting for their personal gain opportunities that are discovered through the use of Company property, Company information or position as a director, unless the opportunity is disclosed fully in writing to the Company's Board of directors and the Board declines to pursue such opportunity.
- b. using the Company's property or information for personal gain.



- c. competing with the Company.
- d. Personal benefit cannot be above your responsibility towards the Company and you will not exploit for your own personal gain, opportunities that are discovered through the use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity. If you are the person who is involved or connected with the development of new products/ processes, etc. which are in nature of invention then all the inventions made by you individually or jointly with others in the course of employment is the property of the Company.
- e. You will not keep in personal custody or pass-on to other persons or competitors the confidential information pertaining to anything, made during the period of employment or thereafter. For your personal gain/benefit, you will not deprive the Company of any existing or potential business opportunity.
- f. From time to time, you are entrusted with confidential information by the Company with the expectation that you fully understand the importance of confidentiality. This information is the Company's valuable asset. The Company's confidential information includes but is not limited to design; plans, operational process, lists of customers pricing, pricing policy, discount schemes, budgets, financial information etc. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for Company business purposes only. Every employee and agent/ contractor with whom confidential information is shared must safeguard the confidential information. Any information that is confidential and shared with the other persons should be shared only on a need-to-know basis with prior approval of your head of department. This obligation extends to confidential information of third parties, which the Company has rightfully received under Non-Disclosure Agreements. Your confidentiality obligation remains in effect for as long as you work for the Company and after you cease to be in the employment.
- g. You will cooperate with appropriate government inquiries and investigations. In this context, however, it is important to protect the legal rights of the Company with respect to its confidential information. All government requests for information, documents or investigative interviews must be referred to the Company's Secretarial/Accounts/Finance/Legal Department as the case may be. No financial information may be disclosed without prior approval of CFO.

Protection and Proper use of Company's Assets

The assets of the Company shall not be misused; they shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems,



proprietary information, intellectual property, and relationships with customers and suppliers.

Confidential Information

Employees and Directors should maintain the confidentiality of confidential information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is already in the public domain. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. The Company's confidential information shall not be inappropriately disclosed or used for the personal gain or advantage of anyone other than the Company. These obligations apply while employed or serving as a Director of the Company even after employment or the director's term with the Company ends.

Compliance With Law

Compliance with the law is above all else and we are all committed to conducting affairs of Shyama in accordance with the laws applicable to business. You will endeavour to comply with all the laws of India and of the countries where we do business. Any act of ignorance/negligence amounting to violations of these laws and regulations can create significant liability for you, the Company, its directors and other employees. You are expected to cooperate in any internal or external investigations of possible violations.

Violation of law, this Code of Conduct for Business and Ethics or other Company policies and procedures by Company employees may force the Company to take disciplinary action on the persons responsible for non-compliance. You are expected to play a wider role by ensuring not only the legal compliances but also alerting about possible violations by reporting to the Legal Department.

The Company is committed to protecting any person who is assisting in any investigation or process with respect to such a violation. Any conduct which results in a violation of law by the Company or in substantial mismanagement of Company resources and if proven, constitutes an offence, you should promptly contact through your immediate supervisor or independently to CS/CFO in accordance with the Company's Whistle-Blower Policy.

No Violence and Harassment at Workplace

All kinds of violence, abuse and threats not only at the workplace but also outside the workplace are strictly prohibited. The Company is committed to providing all its employees and associates with a work environment free of unlawful harassment. Company policy prohibits all types of harassment including sexual harassment and harassment based on medical condition, race, religion creed, colour, national origin or ancestry, physical or mental disability, age, work environment, or any other biases. In case you believe that you are unlawfully harassed or tortured, you may report to your immediate supervisor or Human Resources Department. You have to ensure that you follow in the true spirit, the Company's Policy on Sexual Harassment, laid down from time to time.



Knowledge Of Applicable Laws

You are expected to have good knowledge of all the business laws applicable to your nature of work. It should be your endeavour to keep yourself abreast of the developments in such laws and regulations. Unawareness about the law is a potential danger and whenever required, you will seek advice from the Legal Department on provisions of law. Violation of law, may subject the employee to individual criminal or civil liability, as well as to disciplinary action by the Company.

Encouraging the Reporting of any Illegal or Unethical Behaviour

Directors should promote ethical behaviour and take steps to ensure that the Company:

- a. encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in particular situation.
- b. informs employees that the company will not allow retaliation for reports made in good faith

The confidentiality of those reporting violations shall be protected and they shall not be subject to any discriminatory practices.

Compliance Standards

- a. All suspected violations of this Code shall be promptly reported to the Board and such violations are subject to investigation by the board or any committee / or any person(s) so designated by the board. Violations will be investigated by the board or any such designated persons / committee and appropriate action will be taken in the event of any such violations.
- b. All directors should inform the Company immediately about the emergence of any situation which may disqualify them from continuing as director.
- c. It shall be the endeavour of every director to attend as far as possible and actively participate in meetings of the Board and Committees thereof of which they are members.

Personal Data Protection

The Company respects the privacy of all individuals and the confidentiality of any personal data it holds about them and is committed to protecting personal data. All employees are responsible for complying with data privacy laws applicable to countries where the Company operates. If you have questions on data privacy laws, you may contact the HR Department.

Maintenance And Custody of Records

All the records of the Company whether in the form of paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media are the property of the Company. All the records are statutorily required to be properly preserved and maintained.



Loss or misappropriation of records is a serious matter and is subject to strict disciplinary action.

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Company's Legal Department determines and identifies from time to time, the types of Company records or documents that are required to be placed under a legal hold. Records or supporting documents that have been placed under a legal hold must not be destroyed, altered or modified under any circumstances.

Whistle Blower Mechanism

Employees are often the first to realize that there may be something seriously wrong within the Company. However, the employee may be worried about raising such issues or may want to keep the concerns to himself/herself because he/ she may consider that it is none of his/her business or that it is only a suspicion. He/ she may also feel that raising the matter would be disloyal to his/her colleagues, managers or to the Company itself.

It should be emphasized that this policy is intended to assist employees who believe they have discovered malpractice, impropriety, abuse or wrongdoing. It is not designed to question financial or business decisions taken by the Company nor should it be used to reconsider any matters, which have already been addressed pursuant to disciplinary or other procedures of the Company.

If an employee raises a genuine concern under this policy, he/she will not be at risk of losing his/her job nor will he/she be suffering from any form of retribution as a result. The Company will not tolerate any harassment or victimization (including informal pressures) of/against the disclosing employee and will take appropriate action to protect the employee when he raises a concern in good faith. The Company will protect the confidentiality and anonymity of the complainant to the fullest extent possible with an objective to conduct an adequate review.

Prevention Of Sexual Harassment

Shyama is committed to maintaining a productive environment for all its employees at various levels in the organization, free of sexual harassment and discrimination on the basis of gender.

Shyama has framed the 'Policy against Sexual Harassment at Workplace' in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Based on the guidelines mentioned above,

'Prevention of Sexual Harassment Committee (PSHC)' has been constituted in the Company.



PSHC is headed by a woman employee. Further, to prevent the possibility of any pressure or influence from senior level, PSHC also has an external member, familiar with similar social issues.

Any employee who believes that actions or words of any of the supervisor, manager, co-worker, contractor, service provider, client or customer constitute unwelcome harassment, he/she can approach the PSHC. All such complaints will be investigated promptly in a confidential and fair manner by PSHC. The concerned employee can report through e-mail, telephone, fax or any other method to PSHC. The Contact details of members of the PSHC can be obtained from Head-HR or Legal Team.

Code For Independent Directors

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment 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:

The Independent Directors 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 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 considerations 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 a direct or indirect personal advantage or advantage for 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. Role 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. Scrutinise the performance of management in meeting agreed on goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and ensure that the 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 committees 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;
9. 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. 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.

Amendment, Modification & Waivers

Any amendment to this Code must be approved by the Board of Directors.

Any waiver of this Code for the benefit of any employees, officer or director of the Company may be made only by the Board of Directors of the Company and shall be disclosed promptly.

SHYAMA POWER INDIA LIMITED

Regd. Office: Naga Cottage, Circular Road, Dimapur, Nagaland-797112

Corporate Office: Plot No. 49, Sector-44, Gurugram, Haryana-122002

Website: www.shyamapower.com