

## CODE OF CONDUCT

### GSL NOVA PETROCHEMICALS LIMITED

#### INTRODUCTION

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

*"The Company's Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit."*

#### COMPLIANCE WITH APPLICABLE LAWS

The Company is committed to comply with all applicable laws, rules, regulations and guidelines in every jurisdiction where it operates.

It is therefore desirable that Directors / Senior Management possess / acquire appropriate knowledge of the legal requirements relating to their roles and duties to enable them to be in compliance thereof and to recognize potential risks.

Directors / Senior Management shall ensure due compliance for every activity undertaken under their supervision and authority.

Directors / Senior Management shall extend full co-operation to regulatory authorities, and disclose information as may be required.

#### CONFLICT OF INTEREST

- a) The term "conflict of interest" pertains to situations in which personal financial or other consideration(s) may compromise, or have the appearance of compromising the professional judgment of Directors / Senior Management. A conflict of interest exists where the interests or benefits of Directors or Senior Management or of people or entities related to them conflicts with the interests or benefits of the Company.

- b) Directors / Senior Management are prohibited from engaging in any activity that interferes with the performance or discharge of responsibilities towards the Company or is otherwise in conflict with the interest or prejudicial to the Company.
- c) In addition to mandatory disclosures all Non-Executive and Independent Directors shall disclose their association with any other company which, in their judgment, may lead to conflict of interest with the Company. All other Directors / Senior Management are required to obtain approval from the Company's Corporate Governance Committee before accepting any other directorship / assignment in any company other than GSL Nova Petrochemicals Limited, Group Companies, Subsidiaries, Associates etc.
- d) Directors / Senior Management are free to make personal investments and enjoy social relations and normal business courtesies. They should however ensure that such interests do not directly or indirectly influence the performance of their responsibilities.
- e) Directors / Senior Management are advised to avoid conducting the Company's business with a relative, or with a business in which a relative is associated in any significant role.
- f) If there are any transactions proposed with such related parties within the knowledge of Directors / Senior Management, they must report the same to the Compliance Officer. If determined to be material to the company, the transactions shall be placed before the Audit Committee for review. Any dealings with a related party must be conducted on an arms length basis and on commercial terms and no preferential treatment shall be given.
- g) If a proposed transaction or situation raises any question or doubts, the Compliance Officer should be consulted.
- h) Holding or contesting an election for any political post by Executive Directors and Senior Management is discouraged as it could interfere with the performance and discharge of responsibilities towards the Company. If any Executive Director / Senior Management decides to consider a political post, the same shall be disclosed to the Corporate Governance Committee. The Committee shall consider whether the acceptance of such a post is in any manner prejudicial to the interests of the Company and make appropriate recommendations to the Board.

## **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:**

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 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 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. 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 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
7. Board meeting;
8. keep themselves well informed about the company and the external environment in which it operates;
9. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
10. 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;
11. 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;
12. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
13. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
14. 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 fulfils 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 formalised 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 Boards 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 in the same manner as is provided in sections 168 and 169 of the Act.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

3. Where the company fulfils 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 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.

### **CONDUCT OF BUSINESS RELATIONSHIPS**

The Company expects all its business to be conducted in a legal and ethical manner. The quality of products and the efficiency of services at competitive prices will be the biggest tool for marketing activities. Profits by no means justify use of unfair / unethical business practices.

Directors / Senior Management shall not make any promises or commitments that the Company does not intend or would not be able to honour. Also, they should not be engaged, directly or indirectly, in any act, dealing or conduct likely to bring discredit to the Company.

Directors / Senior Management must uphold the highest standards of integrity and ethics in every kind of third party dealings. They shall not give, offer, or authorize the offer, directly or indirectly, of anything of value (tangible or intangible) to any third party to obtain any improper advantage.

A contribution or entertainment shall not be offered to anyone in the course of business that might create the appearance of an impropriety. However some modest and acceptable corporate gifts etc. appropriate to give in the normal course of business practice may be acceptable.

## **PROTECTION & PROPER USE OF COMPANY'S ASSETS & RESOURCES**

Directors / Senior Management shall as far as practicable, protect the Company's assets from loss, damage, misuse or theft and ensure that the assets are only used for business purposes and other purposes specifically approved by Management and must never be used for unauthorized purposes.

Directors / Senior Management shall not apply the Company's assets / resources and/or proprietary information for personal benefit and/or for the benefit of any other related party.

## **INTELLECTUAL PROPERTY**

Intellectual Property Rights (IPR) broadly covers patented or potentially patentable inventions, trademarks, service marks, trade names, copyrightable subject matter, and trade secrets.

Directors / Senior Management shall make their best efforts to protect all such Intellectual Properties related to the Company, as it is critical to the Company's overall success.

It is advisable to highlight and consult the Chairman / Compliance Officer for determining the appropriate course of action whenever there is lack of clarity and issue of any kind related to IPR.

## **PRIVACY AND CONFIDENTIALITY**

"Confidential information" includes all information of the Company not authorized by the management for public dissemination. This includes information on trade, trade secrets, confidential and privileged information regarding customers, employees, information relating to mergers and acquisitions, stock splits and divestitures; non-public information about discussions and deliberations relating to business issues and decisions, between and among employees, officers and Directors in formal meetings or otherwise, and will include all such information which is not available in the public domain at that point of time."

The Company believes that protection of all confidential information is essential and is committed to protecting business and personal information of confidential nature obtained from clients, associates and employees. Directors / Senior

Management shall ensure that no confidential information is disclosed inadvertently or otherwise.

Confidential information shall be disclosed to persons, both internal and external, only on a "need to know" basis and public disclosure shall be made with appropriate approval or as legally mandated.

Directors / Senior Management shall ensure that all confidential information available to them by virtue of the office they hold is never directly or indirectly released to any person or entity, or made public, otherwise than as stated above.

## **CORPORATE OPPORTUNITIES**

Except as may be approved by the Board of Directors or a Committee thereof, Directors / Senior Management are prohibited from:

- taking for themselves personally, opportunities that belong to either the Company or are discovered through the use of Company's property, information or position.
- using the Company's property, information, or position for personal gain;
- competing with the Company

## **INTERACTION WITH MEDIA**

To facilitate the achievement of the Company's vision and business plans, it is necessary to communicate the policies, plans and accomplishments in the most effective manner through the media to our investors, customers, existing and potential, other stakeholders and to the community at large.

All statements made to the media on behalf of the Company should be true and fair. Only persons duly authorised by management are allowed to interact with media on specified subjects.

Disclosures of any information other than statutory disclosures or those specifically authorised by the Management is prohibited. Disclosure of information on proceedings of board meetings / committee meetings / internal meetings, and disclosure of forward-looking statements is prohibited. In case any such disclosure has to be made it has to be approved by the Management and shall be combined with cautionary statements, wherever required.

Directors / Senior Management shall not disclose non-public information selectively to a particular group as it may lead to unfair advantage / discrimination.

For any outside publication of books, articles or manuscripts which relate specifically to the Company's business, policies and processes, Directors / Senior Management should take the approval of the Management prior to its release. All such documents should be supplemented by a statement: All views & observations made/expressed in this article/presentation are solely that of the authors and the Company is in no way responsible for the substance, veracity or truthfulness of such views and statements.'

## **FRAUDULENT AND UNFAIR PRACTICES IN THE SECURITIES MARKET**

The Company's securities are listed on the major Stock Exchanges. The Company is committed to comply with securities laws in all jurisdictions in which its securities are listed.

The Company prohibits its Directors / Senior Management from any fraudulent and unfair trade practices in the securities market, with regard to the securities of the Company or of any other company with whom the Company has business dealings to the best of their knowledge.

## **FAIR DEALING**

Director / member of the Senior Management shall not take a discriminatory stance towards or give unfair advantage to the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfairdealing practice.

No discrimination shall be done on the basis of caste, religion, sex, nationality or disability of any kind towards any employees, customers, suppliers, or any business partner.

## **HEALTH, SAFETY AND ENVIRONMENT**

The Company believes in sustainable development and is committed to be a responsible corporate citizen.

To uphold the Company's interest and preserve the quality of life of all concerned, the business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees.

Directors / Senior Management shall ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

## **FREE AND FAIR COMPETITION / ANTITRUST**

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. The Company is committed to obeying both the letter and spirit of these laws.

As a general rule, contacts with competitors should be limited to formal forums and should always avoid casual / careless mention on subjects such as business plans, prices or other terms and conditions of sale, customers, and suppliers.

### **REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR (WHISTLE BLOWER MECHANISM)**

The Company shall promote ethical behavior in all its business activities.

Employees are free to report existing/probable violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. Such reports received from any employee will be reviewed by the Corporate Governance Committee from time to time.

Directors and Senior Management shall not attempt to suppress/conceal any such view or reporting.

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

### **APPLICABILITY OF THE CODE**

This is a comprehensive code and applies to all Directors and Senior Management. 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.

Directors / Senior Management shall communicate any suspected violations of the Code promptly to the Corporate Governance Committee or the Chairman of the Board. Suspected violations will be investigated by or at the direction of the Board or the Corporate Governance Committee and appropriate action will be taken in the event that violation is confirmed.

The Code does not specifically address every potential form of unacceptable conduct, and it is expected that Directors / Senior Management will exercise good judgment in compliance with the principles set out in this Code. Every Director and Member of Senior Management has a duty to avoid any circumstances that would violate the letter or spirit of this Code.

The Compliance Officer, as designated by the Chairman, will be the principal

officer for this Code. He is empowered to report to the Chairman of the Board or the Corporate Governance Committee on any matter relating to the implementation of the Code. The Compliance Officer should be consulted if there is any doubt or lack of clarity about any aspect in the Code. The Corporate Governance Committee or the Chairman of the Board may also be consulted wherever required.

In case of any doubt, as to the course of action to be taken, the following test may be applied:

#### **AMENDMENT, MODIFICATION & WAIVERS**

This Code may be amended, modified, or waived by the Board in consultation with the Corporate Governance Committee, subject to appropriate applicable provisions of law, rules, regulations and guidelines.

As a general policy, the Board will not grant waivers to the Code. However, in extraordinary situations and for reasons to be recorded in writing, the Board may grant exemption from any one or more of the provisions of this Code.

#### **ANNUAL CERTIFICATION**

Every Director and Member of Senior Management of the Company will be required to certify compliance with the Code within 15 days of the close of the financial year of the Company