

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT
OF
CORE ENERGY SYSTEMS LIMITED

Document Control:

Document ID CS/PL/2023-24/03	Prepared by Ayushi Sharma	Date Prepared 04/05/2023
Revision 0	Reviewed by Nomination and Remuneration Committee	Date Reviewed 22/09/2023
Managed By: Secretarial and Compliance Department	Approved by Board of Directors	Date Approved 29/01/2024

1. INTRODUCTION:

- 1.1. The matters covered in this Code of Conduct ("Code") are introduced to ensure the ethics and transparency in the business of the "Core Energy Systems Limited". The Company encourages the conduct of business with high standard of ethics and values in accordance with the applicable laws, rules and regulations.
- 1.2. The Purpose of this Code of Conduct is to deter wrongdoing and encourage ethically conduct of business of Company.

2. DEFINITIONS AND INTERPRETATIONS

- 2.1 The term "Board Members" or "Board" shall mean Directors on the Board of Directors of the Company.
- 2.2 The term "Executive Director" shall mean "Whole-time Directors" or "Functional Directors" who are the Directors on the Board of Directors in whole-time employment of the Company. It shall also include "Managing Director".
- 2.3 The term "Non-Executive Director" shall be the Directors on the Board of the Company who are not in whole-time employment of the Company.

2.4 The Term “Independent Directors” shall have the same meaning as defined in Section 149(6) of the companies Act, 2013 and applicable rules as amended from time to time.

2.5 The term "Senior Management" shall mean the officers and personnel of the Company who are designated as Key Managerial Personnel/Presidents/Vice-President/Functional Heads which shall include all operational heads irrespective of their designations.

2.6 The term “Director” shall mean the directors on the Board of Directors of the Company.

2.7 The term “Board Observer” or “Investor Director” shall mean the Director/Observer appointed by the investors of Company.

2.8 The term “Conflict of Interest” means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

3. APPLICABILITY OF THE CODE:

3.1 This Code shall be applicable to the following persons:

- a) Whole-time Directors, Managing Director including the Executive Chairman of the Company.
- b) All Non-Executive Directors including Independent Directors unless specifically exempted from some provisions of this Code.
- c) All Employees in the category of Senior Management Personnel of Core Energy Systems Limited

4. OBJECTIVE:

The Code of Conduct is guided by the good practices of corporate governance and adherence of ethical business and transparency is maintained in spirit. It aims to achieve its objectives by establishing a sound framework of Corporate Governance based on the pillars of ethical practices and transparency.

The Board Members and Senior Management are expected to act in good faith and in such manner as they genuinely believe to be in the best interests of the Company. The Directors and Senior Management Personnel are also expected to:

- a. Comply with all applicable laws, regulations, confidentiality, obligations and other corporate policies of the Company.
- b. Follow all policies, procedures and internal control systems of the Company.

- c. Act honestly, in good faith and in the best interests of the Company.

5. CONTENT OF CODE:

5.1 General Moral Imperatives:

A. Be honest and trustworthy & practice integrity:

- Integrity and Honesty are essential components of trust. Without trust an organization cannot function effectively.
- All Board Members and Senior Management Personnel are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while conducting Company's business.

B. Be fair and take action not to discriminate:

- The value of equality, tolerance, respect for others, and the principles of equal justice govern this imperative. Except as specifically provided under law, discrimination on the basis of race, sex, religion, age, disability, national origins or other such factors, is an explicit violation of this Code.

C. Honour confidentiality:

- Being in the sensitivity nature of business it is utmost importance for company that all its Board Members and Senior Management Personnel strictly adhere to the principle of honesty extends to issues of confidentiality of information.
- All Board Members and Senior Management Personnel, therefore, shall maintain the confidentiality of all confidential unpublished information about Company's business and affairs.

D. Practice:

- To strive continuously to bring about integrity and transparency in all spheres of the activities.
- To Promote Anti-Corruption and Anti Bribery culture in all spheres of life.
- Remain vigilant and work towards growth and reputation of the Company.
- Bring pride to the organization and provide value based services to Company's stakeholders.

5.2 Professional Ethics and Responsibilities:

A. Adhere to the Vision and Mission of Company:

The Board Members and Senior Management Personnel shall adhere to the Company's Vision, Mission and Values-each day.

B. Strive to achieve the highest quality, effectiveness and dignity in both, processes and products of professional work:

Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

C. Acquire and maintain professional competence:

Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

D. Compliance with Laws:

The Company's Board Members and Senior Management Personnel shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow / obey the policies, procedures, rules and regulations relating to business of the Company.

E. Accept and provide appropriate professional review:

The Board Members and Senior Management Personnel shall provide their honest review on Quality of Professional Work and encourage the employees of the Company to maintain standard quality in their work. They shall also keep the Board informed in an appropriate and timely manner any information in the knowledge of the member which is related to the decision making or is otherwise critical for the Company.

F. Payments or Gifts from Others:

Under no circumstances any Director/Senior Management Personnel shall accept any offer, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. of the Company, that is perceived and/or intended, directly or indirectly, to influence any business decision, of the Company any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.

G. Corporate Opportunities:

Directors/Senior Management Personnel shall not exploit for their own personal gain, opportunities that are discovered through the use of Company property, information

or position, unless the opportunity is first disclosed in writing to the Company's Board of Directors.

H. Be accountable to Company's Stakeholders:

All of those whom we serve, be it our Customers, without whom the Company will not be in business, the Shareholders, who have an important stake in Company's business, the Employees, who have a vested interest in making it all happen, the Vendors, who support the Company to deliver in time and Society to which Company is responsible for its actions - are stakeholders of CORE. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.

I. Identify, mitigate and manage business risks:

It is everybody's responsibility to follow Company's Risk Management Framework to identify the business risks that surround Company's function or area of operation and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.

J. Protect Company's properties:

The Board Members and Senior Management Personnel shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gains.

5.3 Other Regulatory Provisions:

A. Disclosure of information:

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

B. Key functions of the board of directors:

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the Company and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the Company accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

C. Other responsibilities:

- (1) The board of directors shall provide strategic guidance to the Company, ensure effective monitoring of the management and shall be accountable to the Company and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.

- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk.
- (10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the Company's focus.
- (11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

6. CODE OF CONDUCT FOR INDEPENDENT DIRECTORS:

Other than following the Code of Conduct for Board Member's the Independent Director's should adhere to the Code for Independent Directors pursuant to the provisions of Schedule IV of Companies Act, 2013 as mentioned in Annexure II.

7. COMPLIANCE WITH THE CODE OF BUSINESS CONDUCT & ETHICS

All Members of the Board/ Senior Management of Company shall uphold and promote the principles of this Code.

If any of Board Members and Senior Management Personnel does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to initiate appropriate action against the defaulter, as deemed necessary.

8. WAIVER AND AMENDMENTS OF THE CODE:

No waiver of any of the provisions of this Code shall be valid unless the Board of Directors of the Company approves such waiver in case of Board Members and by the Executive Chairman of the Company in the case of Senior Management Personnel.

The provisions of this Code can be amended by the Board of Directors of the Company from time to time.

**DUTIES OF DIRECTOR'S PURSUANT TO THE PROVISIONS OF SECTION 166 OF COMPANIES
ACT, 2013**

1. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
2. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
5. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

**CODE FOR INDEPENDENT DIRECTORS PURSUANT TO THE PROVISIONS OF
SCHEDULE IV OF COMPANIES ACT, 2013**

I. GUIDELINES OF PROFESSIONAL CONDUCT:

An independent director shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising his duties;
- c. exercise his responsibilities in a bona fide manner in the interest of the company;
- d. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. 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;
- f. 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;
- g. refrain from any action that would lead to loss of his independence;
- h. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i. assist the company in implementing the best corporate governance practices.

II. ROLE AND FUNCTIONS:

The independent Directors shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of board and management;
- c. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. 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;
- h. 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—

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b. 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;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. strive to attend the general meetings of the company;
- f. 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;
- g. keep themselves well informed about the company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. 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;

- j. 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;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. 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:

- a. 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.
- b. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- c. 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.
- d. The appointment of independent Directors shall be formalised through a letter of appointment, which shall set out :
 - i. the term of appointment;
 - ii. 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;
 - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - iv. provision for Directors and Officers (*D and O*) insurance, if any;
 - v. the Code of Business Ethics that the company expects its Directors and employees to follow;
 - vi. the list of actions that a director should not do while functioning as such in the company; and

- vii. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- e. 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.
- f. 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:

- a. 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.
- b. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be..
- c. 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:

- a. The independent Directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent Directors and members of management;
- b. All the independent Directors of the company shall strive to be present at such meeting;
- c. The meeting shall:
 - i. review the performance of non-independent Directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;
 - iii. 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:

- a. The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. 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.



