

CODE OF CONDUCT

FOR

BOARD MEMBERS

AND

SENIOR MANAGEMENT PERSONNEL

(REVISED)

VISION

“To be an efficient power producer delivering consistent value to stakeholders”

CORE VALUES

(SPIRIT)

S - Sincerity and Service Orientation

P - People

I - Integrity and Honesty

R - Respect

I - Innovativeness

T - Team work

MISSION

To be recognized as a reliable power producer in the country through :

- ♦Operational excellence.
- ♦Customer satisfaction by supply of reliable and cost effective power.
- ♦Sustainable growth.
- ♦Employee empowerment by providing challenging and rewarding work environment.
- ♦Commitment to care for the environment and the community.

CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

1. INTRIDUCTION

- 1.1 This Code of Conduct ("this Code") shall be called "The Code of Conduct for Board Members and Senior Management Personnel" of NTPC –SAIL POWER COMPANY PRIVATE LIMITED (NSPCL) hereinafter referred to as "the Company".
- 1.2 This code is in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- 1.3 The Company currently has Conduct, Discipline & Appeal Rules ("CDA Rules"), which govern the conduct of all permanent employees of the Company including Whole-time Directors but excluding Non Whole-time Directors and those governed by the Standing Orders under the Industrial Employment (Standing Orders) Act, 1946. This Code for Board Members and Senior Management Personnel has now been framed in line with the corresponding code of its promoter company, NTPC Ltd. In respect of Whole-time Directors and Senior Management Personnel this Code is to be read in conjunction with the CDA Rules.
- 1.4 It shall come into force with effect from the 30th June, 2014..

2. DEFINITIONS AND INTERPRETATION

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- 2.1 The term "Board / Board of Directors" shall mean the Board of Directors of the Company.
- 2.2 The term "Board Members" shall mean the Members on the Board of Directors of the Company.
- 2.3 The term "Whole-time Directors" shall mean the Board Members who are in whole-time employment of the Company.
- 2.4 The term "Nominee / Non-Whole-time Directors" shall mean the Board Members who are Part-time Directors and not in whole time employment of the Company.

- 2.5 The term "Senior Management Personnel" shall mean employees of the Company who are members of its core management team excluding Board of Directors and would comprise all Executive Directors, General Managers, Head of Projects/Stations, functional heads at corporate centre.
- 2.6 The term "Related party" shall mean 'Related Party' as defined in Section 2 (76) Read with Rule 3 of the Companies (Specification of definitions details) Rules, 2014. (Refer Appendix-I)
- 2.7 The term "Relative" shall mean 'relative' as defined in Section 2(77) the Companies Act, 2013 read with Rule 4 of Companies (Specification of definitions details) Rules, 2014. (Refer Appendix-II)
- 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.

In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

3. APPLICABILITY

This Code shall be applicable to the following persons:

- a) All Whole-time Directors.
- b) All Nominee / Non Whole-time Directors, unless specifically exempted from some provisions of this Code.
- c) All Senior Management Personnel.

4. NATIONAL INTEREST

NSPCL is committed to plan, promote and organize an integrated and efficient development of Thermal power and power through Non- Conventional/Renewable Energy Sources in India and abroad.

NSPCL, in the course of its business activities, shall respect the culture, customs and traditions of each Country and region in which it operates. It shall conform to trade procedures, including licensing, documentation and other necessary formalities, as applicable from time-to-time.

5. KEY REQUIREMENTS

Board Members and Senior Management Personnel shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- i) Shall act with utmost care, skill, diligence and integrity.
- ii) Shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be subordinated.

- iii) Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board of Directors in case of Board Members and the Chairman in case of Senior Management Personnel unless otherwise permitted by law.
- iv) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.
- v) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members/ Company.
- vi) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
- vii) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors in case of Board Members and the Chairman in case of Senior Management Personnel and the Board/Chairman declines to pursue such opportunity and allow him to avail such opportunity.
- viii) Shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company, except for normal value, which are customarily given and are of commemorative nature for special events and should never be of a kind that could create an appearance of impropriety.
- ix) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders.

Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member and Senior Management Personnel, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him.
- x) Shall not commit any offence involving moral turpitude.
- xi) Shall follow the Risk Management framework established by the Company.
- xii) Shall ensure workplace free of discrimination & harassment based on race, colour, religion, age, gender, national origin, disability, veteran status, or any other biases.
- xiii) Shall not use IT system of the Company for purposes that may be regarded as derogatory, defamatory or obscene or otherwise & protection and security of IT systems.

- xiv) Shall be accountable to the stakeholders viz. shareholders, debtors, creditors, Government etc. in discharge of the duties of the Company.
- xv) Shall not contribute (whether directly or indirectly) any funds, credit, property or services of the Company to any Political Parties.
- xvi) Shall act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates.
- xvii) Shall act in accordance with the Vision, Mission and Values of the Company.
- xviii) To promote alertness & awareness for safety and the protection of human life and environment.

6. HEALTH, SAFETY AND ENVIRONMENT

The Directors and Senior Management of the Company shall provide safe and healthy working environment, prevent wasteful use of natural resources and shall ensure minimum impact on the ecological environment of the use and disposal of any material.

7. PROTECTION OF ASSETS

The Directors and Senior Management of the Company shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

8. CONFLICT OF INTEREST

The Directors and Senior Management of the Company shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his/her opinion is likely to arise and shall make disclosures to the competent authority relating to all material financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the company at large.

Competent authority, in case of Board Members, CEO/CFO shall be Board of Directors and Chairman/CEO in case of Senior Management Personnel.

9. COMPLIANCE OF LAW

The Board Members and Senior Management Personnel shall comply with all laws, rules and regulations relating to the business of the Company.

10. OTHER DIRECTORSHIPS

Unless specifically permitted by the Board in case of Senior Management Personnel, the Senior Management Personnel shall not serve as Director of any other Company or as Partner of a Firm that is engaged in a business competing with the Company or with which the Company has business relations.

Senior Management Personnel shall obtain prior approval of the Board of the Company for accepting Directorship of any other Company or partnership of a firm.

The Board Members and Senior Management Personnel shall not accept any appointment or post, whether advisory or administrative, in any company or firm, whether Indian or Foreign, having competitive nature of business or with which the Company has or had business relations, within one years from the date of cessation of Directorship/service of the Company unless approved by the Government in case of Whole-time Directors, Board of Directors in case of Non Whole-time Directors and by the Chairman/ CEO in case of Senior Management Personnel.

11. RELATED PARTY DISCLOSURE

The Board Members and Senior Management Personnel shall make disclosure of related party transactions to the Board of Directors in case of Board Members and to the Chairman/CEO in case of Senior Management Personnel in the format provided under Accounting Standard 18 (AS-18) (Appendix III) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or re-codification thereof.

12. CONFIDENTIALITY OF INFORMATION

Subject to the Code of Corporate Disclosure Practices as may be prevalent in the Company from time to time any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members and Senior Management Personnel have access or which are in their possession, must be considered confidential and held in confidence. No Board Member and Senior Management Personnel shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. The Board Members and Senior Management Personnel shall also be required to maintain confidentiality of information for a period of 6 months after separation from the Company.

13. AMENDMENTS TO THE CODE

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management shall be duly informed of such amendments and modifications.

14. CLARIFICATIONS REGARDING THE CODE

Any member of the Board or Senior Management personnel requiring any clarification regarding this code of conduct may contact GM(HR)/Company Secretary/any officer specifically designated by the Board of Director.

15. PLACEMENT OF THE CODE ON WEBSITE

In line with the practice being followed in NTPC, this Code and any amendment thereto shall be hosted on the website of the Company.

16. ANNUAL COMPLIANCE REPORTING

- 17.1 In line with the practice being followed in NTPC, all Board Members and Senior Management Personnel shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration to this effect signed by the Chairman/CEO . A proforma of Annual Compliance Report is at Appendix-IV. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Board Members and Senior Management Personnel leave the Company any time during a financial year, he shall send a communication to Company Secretary affirming compliance of the Code till the date of his association with NSPCL.
- 17.2 The CEO of the Company and the CFO or any other person heading the finance function shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

18. ENFORCEMENT OF CODE OF CONDUCT

Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.

19. CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE

- 19.1 In case of breach of this Code by the Non Whole-time Directors, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.
- 19.2 In case of breach of this Code by the Whole-time Directors and Senior Management Personnel, the same shall be dealt with in accordance with the CDA Rules of the Company.

20. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Appendix-V and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this cod

APPENDIX-I
NSPCL
CODE OF CONDUCT FOR
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EXTRACTS OF SECTION 2(76) OF THE COMPANIES ACT, 2013

2 (76) “related party”, with reference to a company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is—

- (A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed;

RULE 3 OF COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS) RULES, 2014

RELATED PARTY- for the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a Director or Key managerial personnel of the holding company or his relative with reference to a Company, shall be deemed to be a related party.

APPENDIX-II

NSPCL

CODE OF CONDUCT FOR

BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

EXTRACTS OF SECTION 2(77) OF THE COMPANIES ACT, 2013

“relative”, with reference to any person, means any one who is related to another, if-

- (a) they are members of a Hindu undivided family;
- (b) they are husband and wife; or
- (c) one person is related to the other in such manner as may be prescribed;

RULE 4 OF COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS) RULES, 2014

List of Relatives in terms of Clause 2(77) of the Companies Act, 2013 – a person shall be deemed to be a relative of another, if he or she is related to another in the following manner, namely:-

1. Father (includes step father)
2. Mother (including step-mother)
3. Son (including step-son)
4. Son's wife
5. Daughter

6. Daughter's husband
7. Brother (including step-brother)
8. Sister (including step sister)

APPENDIX-III
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The Board Members and Senior Management Personnel shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:

- i. the name of the transacting related party;
- ii. a description of the relationship between the parties;
- iii. a description of the nature of transactions;
- iv. volume of the transactions either as an amount or as an appropriate proportion ;
- v. any other elements of the related party transactions necessary for an understanding of the financial statements.

Signature -----

Name -----

Designation -----

Date -----

Place -----

Note: The following are illustrative and not exhaustive list of examples of the related party transactions in respect of which disclosures should be made by Board Members and Senior Management Personnel:

- Purchase or sales of goods (finished or unfinished) ;
- Purchase or sales of fixed assets ;
- Rendering or receiving of services ;
- Agency arrangements ;
- Leasing or hire purchase arrangements;
- Transfer of research and development;
- Licence agreements;
- Finance (including loans and equity contributions in cash or in kind);
- Guarantees and collaterals; and
- Management contracts including for deputation of employees.

APPENDIX-IV
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ANNUAL COMPLIANCE REPORT*

I -----do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ending 31st March -----

Signature -----

Name -----

Designation -----

Date -----

Place -----

*To be submitted by 30th April each year

APPENDIX-V
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ACKNOWLEDGEMENT FORM

I ----- hereby received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL ("this code"). I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature -----

Name -----

Designation -----

Date -----

Place -----

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