

**BHARAT FORGE**



## Code of Conduct & ethics for Employees Policy

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## 1. Introduction

This Code of Conduct and Ethics for Employees adopted by Bharat Forge Limited (BFL), lays down “Standards for Conduct” that define the Company’s value system and business practices and represents long cherished values of the Company.

The Code provides guidance to employees in recognizing and dealing with important business, legal and ethical issues and fosters a culture of honesty, loyalty and accountability.

## 2. Objective

The main object of this Code is to promote ethical conduct and ensure efficient compliance with all legal requirements and other standards of business conduct & service rules and regulations.

All employees are expected to read and understand this Code of Conduct and Ethics and endeavor to achieve the aims of BFL and the goals agreed for their work while complying with the Code in its letter and spirit. In principle, failure to comply with this Code can result in an investigation with, in applicable cases, consequences in employment law upto and including termination and may also lead to civil/Criminal action/s and prosecution.

As the principles and standards laid down in this Code are general in nature, and it is not possible to put within its ambit every possible issue that may arise or every situation where standards of business conduct are required to be complied with, we should take note of the fact that these principles and standards described in this Code are rather key guiding principles and standards. We should also review all applicable Company policies and procedures from time to time.

This Code of Conduct and Ethics is subject to modification. It may be updated as and when needed and notified by intranet and e-mail.

## 3. Scope / Applicability of this Code

This Code is applicable to all BFL Employees including Executive Directors within all sectors, regions, areas and functions in India.

The reference to ‘Employee’ shall mean and include

- (a) Employees
- (b) Consultants/Advisors, Retainers, Agents, Representatives etc. to the extent applicable.

## 4. Compliance with this Code

We are committed to the highest level of ethical conduct and it should be reflected in all business activities of the Company. We must respect and adhere to these practices. These practices have various legal and regulatory consequences. The violation of the same would create significant liability for the Company and its Directors and employees. It will be our responsibility to enforce this Code of Conduct and Ethics.

## 5. Knowledge of Applicable Laws

Each employee must acquire appropriate knowledge of the requirements regarding his or her duties sufficient to enable him or her to comply with the provisions of all applicable laws, rules, regulations and any other statutory orders.

## 6. Conflict of Interest

6.1 A conflict of interest exists where the interests or benefits of any employee conflict with the interest or benefit of the Company and/or other group Companies.

Our employees are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. The honest conduct would be a conduct that is free from fraud or deception. The ethical conduct would be a conduct conforming to the accepted professional standards of conduct.

Employees must remain loyal to the Company in their personal conduct. Specifically, this means employees:

- a) Must avoid situations in which their personal or financial interests conflict with those of the Company and/or other companies of the Group.
- b) Must not pursue any interest of their own within the context of doing their jobs that conflict with the interests of the Company and/or other companies of the Group.
- c) Must not directly or indirectly exploit any business opportunity available to the Company and/or the other companies of the Group for their own benefit, or for the benefit of persons or companies outside of the Company and/or the Group Companies with which they are connected.

6.2 Every Employee (including prospective Employee) shall disclose if he/she is related to any employee in the Company. The placement of closely related employees shall be such that it shall not be prejudicial to the interests of the Company.

## 7. Protection and Use of the Company's Assets

7.1 All employees are responsible for protecting and for appropriate use of the assets including intangible assets of the Company. We must safeguard the assets of the Company against loss, damage, misuse or theft. Any violation of this aspect of the Code will subject to the disciplinary action mentioned in this Code. The assets of the Company including vehicles, spares and supplies, equipments, stationery, funds, brand and logo of the Company, hardware and software and all other electronic communication devices, must be utilized in legal, ethical and appropriate manner.

7.2 If during the employment with the Company, employees either wholly or partly discover, invent and/or make improvements in plants, machinery, process or other things used or may be used in the production or business of the Company, the same will be deemed to have been made, invented, suggested or acquired on behalf of and for the benefit of the Company alone and all rights, privileges and titles will rest exclusively with the Company.

## 8. Protection of Confidential Information

8.1 The Corporate Confidential Information is a valuable asset to the Company. The confidential information shall mean and include information in written, oral, visual and / or physical / electronic form without limitation, information regarding the Company's actual or proposed business, historical or projected technical / operational, administration, economy, planning ,

business , financial information , budgets, services, products, trade secrets, marketing techniques, plans and materials, processes, operations , formula, methods, flow diagrams, documentations, procedures, computer programmes and softwares in any stage of development , product specifications , know-how, compositions inventions, discoveries, sketches, drawings, blue-prints, plan-layouts, reports, manuals, correspondence, samples, formats, analysis, strategies, forecasts, R&D plans, concepts, ideas, models, data product plans and architectures, source codes, object code,

contracts, customer names and lists of existing and potential customers, dealers, suppliers and employees, price lists, pricing policies and any non-public information that might be useful to the competitors of the Company, intellectual properties, business objects and strategies, pricing information and any other vital financial, commercial and legal information and statistics in general. All confidential information must be used for the purposes of the Company. All employees of the Company must respect the property rights including the intellectual rights of other companies and concerns.

- 8.2 Employees must not pass any Company documents and information identified or identifiable as confidential to customers, vendors, partners or to a third party, or in any way make them available outside the Company.
- 8.3 Employees must use suitable and appropriate measures to ensure that confidential and protected information does not fall into the hands of unauthorized parties, internally or externally.
- 8.4 All employees (including existing employees) shall sign a Confidentiality /Non-disclosure agreement as a condition/corollary of their employment contract with the Company.
- 8.5 The obligation to safeguard the proprietary and confidential information continues to exist even after leaving the employment of the Company. Each of us has liability to return all corporate confidential information in possession while leaving the Company.
- 8.6 Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, including termination of employment and legal action as mentioned in this Code, even if they do not actually benefit from the disclosed information.

## 9. E-Mail / Internet Policy

All Company supplied computer systems, including computer hardware and software programs , and Company related proprietary, confidential, or privileged information, are the exclusive property of the Company and not the employee's. These systems, including the Internet and Email, should be used for Company business only and should not be used to transmit unsecured Company-related proprietary confidential, or privileged information outside the Company, without proper business purpose and appropriate security measures. If employees have any questions concerning the sensitivity, confidential classification, and/or protection of Company information, they should first speak to their Superior / Head of the Department before transmitting information outside the Company. The Company has the right to monitor any employee's Email and Internet usage.

**The following acts will be considered as misconduct under IT Act 2000:-**

1. Hacking with computer system
2. Software piracy
3. Sending offensive messages through communication service

4. Identity theft
5. Cheating by personating by using computer resource
6. Violation of privacy
7. Cyber terrorism
8. Publishing or transmitting material containing “sexually explicit act”
9. Publishing/transmitting material depicting “children in sexually explicit act”
10. Attempt to commit offences

## 10. Protecting Environment and Employee Health and Safety

- 10.1 It is the Company’s policy to protect the environment, safeguard the health and safety of employees. The Company conducts its operations so as to avoid or minimize any possible adverse impact on the environment or employees and expects all employees to obey those Laws, Rules & Regulations that are designed to protect the environment and the health and safety of employees.
- 10.2 All employees are expected to notify their superior, The Unit/Functional Head, Head of Human Resources if they observe conduct which violates, or is likely to violate, environmental, health or safety requirements including tempering with safety devises/ machines/ equipments etc. installed within the Company premises.

## 11. Meals, Entertainment and Other Gifts from Third Parties

### □ Meals and Entertainment:

- 11.1 Employees are permitted to occasionally accept offers of meals and other entertainment from current or prospective customers, vendors, competitors, and partners only where accepting the meal or entertainment:
- a) Serves to encourage or improve business relationships and is thus in the interest of the Company, and
  - b) Does not inappropriately influence any Company decision, and
  - c) Is not unlawful or contrary to ethical principles, and
  - d) Is consistent with business customs in the country concerned.

### □ Other Gifts from Third Parties:

- 11.2 Employees and their relations, life companions, and other people with whom they have a close personal connection must not accept any gift in kind, payment, loan, vacation, or other privilege from current or prospective

customers, vendors, competitors, or partners, where accepting the gift, etc., would prejudice Company’s business interests.

- 11.3 This rule does not apply to promotional gifts of low value of a customary kind or to payments that are not related to working for Company and that would not be different were the payer is not a customer, vendor, competitor, or a partner of the Company.

- 11.4 Employee should not take or demand bribe, favour or any such remuneration in cash or kind from vendors, competitors, partners/business associates which he/she is not entitled to.

## 12 Abuse of Alcohol / Weapons

Employees whose behaviour, judgement or performance is impaired by drugs or alcohol, as also an employee in possession of Arms, weapons and inflammable substance will be prohibited from entering the Company's premises or engaging in Company business. Violations of this Policy are serious and will result in appropriate disciplinary and legal action as mentioned in this Code. Smoking shall be permitted only in designated places.

### **13. Harassment**

- 13.1 Harassment occurring in the work place, or at any company-sponsored social, sporting or business function will not be tolerated. Harassment includes verbal or physical conduct, which may or does offend, denigrate or belittle any individual because of, or due to, race, color, religion, national or ethnic origin, age, gender, sexual orientation, disability or pregnancy. Such conduct includes -but is not limited to - pictures, jokes, comments, overtone or any other behavior considered offensive or demeaning.
- 13.2 Furthermore, any retaliation against an individual who has complained about harassment or retaliation against individuals for cooperating with an investigation of a harassment complaint is similarly unlawful and will not be tolerated.
- 13.3 The Company is committed to maintaining a professional work environment and strongly disapproves of all forms of sexual harassment. Employees who believe they have been subjected to sexual harassment or who have witnessed sexual harassment should report such incidents to their Superior's, Unit/Functional Head or Head of Human Resources. If an employee is uncomfortable reporting the incident to designated authorities, he or she should contact any other officer of the Company, who shall appropriately communicate the same to the designated authorities

### **14. Fair Dealing with Customers, Suppliers and Public**

We must remember that we represent our Company while dealing with our customers, suppliers and public. We hereby confirm our commitment to build a relationship based upon trust. Each employee must act in such manner so that the members of public will be confident that they will be treated lawfully and in an ethical manner. No one should take unfair advantage through giving misleading information, concealment of facts, misrepresentation of material facts or abusing the non-public privileged information.

### **15. Co-operation with Government Authorities**

It is the policy of the Company to cooperate with governmental investigations or enquiries or Court proceedings as the case may be. Accordingly, if employees reasonably believe that a government investigation, enquiry or Court proceedings is in progress, they should fully co-operate with the Company and its officials in communicating the required information/document to the concerned authorities in a timely & in all possible manner.

### **16. Prevention of Insider Trading**

Our Company has absolutely prohibited the use of Unpublished Price Sensitive Information and any other non-public information for trading in the securities of the Company. The violation of this would result in appropriate disciplinary and legal action.

As a general matter, inside information is any material, nonpublic information concerning a company or its business. Information may be considered "material" if (1) it would likely be considered important to an investor in deciding whether to purchase or sell the Company's securities, or (2) would reasonably be expected to have an impact on the price of the Company's stock if the information were publicly released. For example, inside information might include information relating to proposed acquisitions, important financial data, major new contracts, research projects, the status of a product in the governmental approval process, or significant management changes.

Even after information is publicly released, it should still be considered nonpublic until a sufficient amount of time has passed for the information to become generally available to, and absorbed by, the investing public. While the amount of time that must pass for information to be considered public may vary depending on the circumstances, generally information may be considered to be public 48 hours following its release to the investing public.

## **17. Duty to Report Violations**

Employees are responsible for reporting in good faith to the Company, any circumstances that the employee believes may constitute a violation of this Code of Conduct and Ethics. Employees should report suspected violations to the immediate superior, or Unit/Functional Head, or Head of Human Resources, who will investigate these matters. There will be no action taken against the employee for good faith reporting of suspected policy violations; however, the employee will not be protected from possible disciplinary action if the report is in bad faith or the employee has otherwise engaged in misconduct.

## **18. Disciplinary Actions**

- 18.1 It is expected from all persons covered under this Code of Conduct and Ethics that they will adhere to the principles and rules laid down in this Code. The appropriate disciplinary action will be taken against the delinquent employee who is found to violate these principles and policies or any other policy of the Company.
- 18.2 The disciplinary action may include warning, suspension, immediate termination of employment or Business relationship at the Company's sole discretion. The Company will recover any loss suffered by it due to violation of the provisions of this Code by any delinquent in legal manner.
- 18.3 All employees are encouraged to report any suspected violation promptly. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith.
- 18.4 All employees shall work to ensure prompt and consistent action against violations of this Code. However, in some situations there may be "gray areas" for which it may be difficult to know the right thing to do. Since every situation cannot be anticipated, it is important that there is a way to approach a new question or problem. All employees are advised to keep some of the steps in mind:
  - Make sure all the facts are available. In order to reach the right solutions, we must be as fully informed as possible.
  - Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.

- Discuss the problem with your Superior. This is the basic guidance for all situations. In many cases, your Superior will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your superior's responsibility to help solve problems.
- Seek help from the Company's resources. In the rare case in which it may not be appropriate to discuss an issue with your Superior, or where you do not feel comfortable approaching your Superior with your question, discuss it with the Head of Human Resources.
- Your report of violations of this Code is in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of violations of this Code or questionable accounting or auditing matters. "Good faith" does not mean that you have to be right – but it does mean that you believe that you are providing truthful information. The important thing is that you bring your question or concern to attention of Superior's through one of the available channels.

18.5 If any employee commits breach of any of the conditions as laid by the Company or guilty of misconduct or conduct themselves in a manner which would bring the Company or its employees into disrepute can result into disciplinary action such as warning, suspension, termination without notice or salary in lieu thereof and can lead to civil / criminal action/s and prosecution. In such cases employee will have no claim against company whatsoever.

18.6 Any unauthorised absence from work will be considered as absconding. In such cases it will be considered as unauthorized absence from duty and appropriate action will be taken against such employee.

In case an employee resigns from the services of the organization, he will be issued a relieving letter, upon properly fulfilling of notice period, as per terms of his employment and on completion of Clearance Formalities. In case of resignation / termination a representative from HR Department will contact the employee and understand the reason of his resignation, by way of exit interview. An Employee terminated for bad performance whether at work or otherwise will not be considered for re-employment in future.

## 19 Use of Social Media:

19.1 The term "social media" is used within this Code to refer to and describe socially interactive forum and communication technologies by which personal or BFL related information or opinions can be presented for public consumption on the internet.

19.2 Employee's use of social media broadly include without limitation blogs, microblogs, message boards, chat rooms, electronic newsletters, online forums, wikis, twitter or other social networking sites that permit users to share information with others in a contemporaneous manner.

### 19.3 APPLICABLE PRINCIPLES

A. For professional use of social media on behalf of BFL as well as personal use of social media when referencing to BFL:



- a) Employees should be aware and conscious of the effect of their actions on social media on BFL's image.
- b) Employees need to know and adhere to this Code and other BFL policies when using social media in reference to BFL.
- c) BFL may observe and/ or monitor all content and information made available by employees through social media. Employees should use their best judgment in posting any material or information or image so that it is not inappropriate, harmful and/ or offensive to BFL, its employees, or customers.
- d) Social media conduct prohibited for employee is and include posting content, information or image/s that are defamatory, racially offensive, discriminative, pornographic, makes personal attack, proprietary, harassing, libelous, promoting political organization or anything that can create a hostile work environment. Please note that this is not an exhaustive list and may ask Legal Department in case of any doubt.
- e) Not to publish or release any information that is considered confidential to BFL. Be mindful not to disclose confidential and/or proprietary information, and don't post, seek or provide recommendations or referrals by or of other employees, customers or suppliers (current or former) regarding their responsibilities or obligations at BFL, unless you are authorized to do so.
- f) If employees encounter a situation while using social media, that threatens to become antagonistic, employees should disengage from the dialogue in a polite manner and seek the advice of a Legal Department.
- g) Employees should get appropriate permission before referring to or posting images of current or former employees, members, vendors or suppliers.
- h) Employees should get appropriate permission to use a third party's copyrights, copyrighted material, trademarks, service marks or other intellectual property.
- i) Not to comment on or provide information related to BFL's business or any subject matter related to your job responsibilities at BFL in public forums unless you are specifically authorized to do so.

Social media use shouldn't interfere with employee's responsibilities at BFL. BFL's computer systems are to be used for business purposes only. When using BFL's computer systems, use of social media for business purposes is allowed, if authorized through BFL approval system (e.g. Facebook, Twitter, [Company] blogs and LinkedIn), but personal use of social media networks or personal blogging of online content is discouraged and could result in disciplinary action.

Note that nothing in the Code should be interpreted to prevent employees from engaging in activities that are protected under laws and regulations that allow employees to discuss or disclose compensation related information.

Subject to applicable law, online activity that violates this policy or any other BFL policy may subject an employee to disciplinary action or termination of employment.

- j) If employees publish unofficial content after office hours that involves work or subjects associated with BFL, a disclaimer should be used as mentioned below:  
  
“The views on this site are my own and don’t necessarily represent those of BFL.”
  - k) While speaking on Behalf of BFL, be alert to situations in which you may be perceived as someone who is expressing views of or posting for BFL. Don’t make any statements on behalf of BFL unless authorized to do so. In case of any doubt, consult with supervisor / Head of the Department.
  - l) Employees should keep BFL related social media accounts (if any) separate from personal accounts.
- B. For personal use of social media while working as an employee with BFL but not referencing to BFL:
- a) Not to make any statements on social media in support of any offence or illegal activity.

