

# ELGi CODE OF BUSINESS CONDUCT AND BUSINESS ETHICS



It is ELGi's stated policy to conduct its business in line with the highest standards of business ethics, human values, compliance with law, personal integrity and professional conduct. The objective of this "code of conduct" document is to formulate guidelines for expected employee behaviour that will fulfil the expectations of the company. Every director, officer and employee of the company is expected to comply with the tenets of this Code.

## A. CONFLICT OF INTEREST

- ⦿ Every employee, officer or director of ELGi shall not –
- ⦿ Engage in any business, relationship or activity that might detrimentally conflict, either directly or indirectly with the interest of the company.
- ⦿ Receive improper personal benefits to himself / herself or his / her family as a result of one's position in the Company.
- ⦿ Misuse the position associated with his / her office or coerce or induce a benefit for himself / herself or others.
- ⦿ Receive and retain any gift beyond what is spelt out in the company's gift policy or excessive entertainment from any person/company with which the company has current or prospective business dealings.
- ⦿ Have any significant ownership interest in any supplier, customer, development partner or competitor of the company, without disclosing the same to the board.
- ⦿ Have any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.
- ⦿ Involve or engage in any other activity that could create the appearance of a conflict of interest and thereby impair the company's reputation.
- ⦿ Appoint any related party as consultant, advisor, agent, intermediary, broker, or representative.
- ⦿ In case there is likely to be a conflict of interest, the employee shall make full disclosure of all facts and circumstances thereof to the board of directors and a prior written approval shall be obtained from the board.

## B. ETHICAL CONDUCT

ELGi expects all its directors, officers and employees to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, at the company's premises, offsite locations, company sponsored business and social events, or at any other place where they are representing on behalf of the company. They shall also act and conduct free from fraud and deception.

Every officer of the Company who has been designated as "Director" shall at no point of time hold himself out to be a "Director" on the Board. Such officers have great responsibility towards third parties who

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may be misled by such designation. The officers should behave responsibly by voluntarily disclosing the fact that they are not Board members in a situation where any third party genuinely or is likely to believe that the officer/s is/are members on the Board of the Company. Such officers should also understand and agree that the Company will not be bound by the actions of such officers who have held themselves out as "Director" on the Board."

## C. CORPORATE OPPORTUNITIES

Directors, officers and employees owe a duty to the company to advance its legitimate interests when the opportunity to do so arises. Directors, officers, and employees are expressly prohibited from:

- ⦿ Taking for themselves personally, opportunities that are discovered through the use of company's property, information, or position,
- ⦿ Competing directly with the business of the company or with any business that the Company is considering.
- ⦿ Using company's property, information, or position for personal gain.
- ⦿ To gain an unfair competitive advantage by improperly influencing any employee's discretionary decisions.

## D. RELATED PARTIES

As a general rule, though related party transactions are to be avoided, yet if it is unavoidable, the Audit Committee shall review and approve in writing in advance such related party transactions. The most significant related party transactions, particularly those involving the company's directors or executive officers, shall be reviewed and approved in writing in advance by the company's board of directors. The company shall report all such material related party transactions under applicable accounting rules. Any dealings with a related party must be conducted in a commercially prudent manner without any preferential treatment.

## E. CONFIDENTIALITY

The company's confidential information is a valuable asset. The directors, officers and employees shall maintain the confidentiality of confidential information of the company or that of any customer, supplier or business associate they receive whilst being in office and is only disclosed if authorised by the company, or the person from whom the information is provided, or as required by law. "Confidential information" includes all non-public information (including private, proprietary, and other) that might be of use to competitors or harmful to the Company or its associates. All confidential information must be used for company's business purposes only.

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## **F. FAIR DEALING**

Every director, officer, and employee dealing with customers, suppliers, contractors, competitors or any person doing or seeking to do business with the company are to act in a manner that is fair and reasonable and in the best interests of the company to exclusion of considerations of direct or indirect personal preference or advantage.

## **G. PROTECTION AND PROPER USE OF ELGi'S ASSETS**

All directors, officers and employees shall ensure that assets, are not misappropriated, loaned to others, or sold or donated, without appropriate authorization. They are responsible for the proper use of Elgi's assets, and must safeguard such assets against loss, damage, misuse or theft. ELGi's assets, both tangible and intangible are to be used for its business purposes only and shall not be used for personal aggrandizement / empowerment of any person.

## **H. COMPLIANCE WITH LAWS, RULES, AND REGULATIONS**

Every director, officer and employee of ELGi shall comply with all applicable laws and regulations, both in letter and in spirit in all the transactions and in all the territories that the company operates.

## **I. PROHIBITION OF INSIDER TRADING**

The company will periodically impose a trading blackout period on members of the Board, key managerial personnel and all employees who, as a consequence of their position with the company, are more likely to be exposed to unpublished price sensitive information about the company. These directors, key managerial personnel and employees generally may not trade in company's securities during the blackout period. Every director, officer and employee should comply with the company's Insider Trading Regulations, (which is available in the intranet) follow the preclearance procedures for trading and trade only during a trading window. All questions regarding the Company's Insider Trading Regulations should be directed to the Secretarial Department.

## **J. COMPLIANCE WITH CODE OF CONDUCT**

- Every employee of ELGi shall report promptly any actual or possible violations of the code to the board of directors or the HR Department.
- Violations of this code shall result in disciplinary action, which may even include termination of services of the employee. ELGi's Board or any Committee/person designated by the Board for this purpose shall determine appropriate action in response to violations of this code.

## K. FINANCIAL REPORTING AND RECORDS

- ⦿ The company shall prepare and maintain its accounts 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.
- ⦿ Internal control and audit procedures should comprehensively cover all the company's material business transactions and disposition of assets. All required information shall be accessible to company auditors and other authorized parties and government agencies.

## L. DUTIES OF INDEPENDENT DIRECTORS

The Independent Directors shall-

- ⦿ Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- ⦿ 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;
- ⦿ Strive to attend all the meetings of the Board of Directors and of the Board Committees of which he/she is a member;
- ⦿ Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- ⦿ Strive to attend the general meetings of the company;
- ⦿ 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 they are not resolved insist that their concerns are recorded in the minutes of the Board Meeting;
- ⦿ Keep themselves well informed about the company and the external environment in which it operates;
- ⦿ Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ⦿ Pay sufficient attention and ensure the adequate deliberations are held before approving the related party transactions and assure themselves that the same are in the interest of the company;
- ⦿ Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interest of a person who uses such mechanism are not prejudicially affected on account of such use;
- ⦿ Report concerns about unethical behaviour actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- ⦿ Acting within his authority assist in protecting the legitimate interests of the company, shareholders and its employees;

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- ⦿ 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.

## M. SHAREHOLDERS

Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The board of directors of the company shall duly and fairly inform its shareholders about all relevant aspects of the company's business and disclose such information in accordance with the respective regulations and agreements.

## N. INTERPRETATION OF CODE

- ⦿ Any question on the interpretation or otherwise of this code, shall be decided upon by ELGi's board of directors, whose decision shall be final in this regard.
- ⦿ Any waiver of any provision of this code for a member of ELGi's board of directors must be approved in writing by board and promptly disclosed. Any waiver of any provision of this code with respect to any other employee, agent or contractor must be approved in writing by the Managing Director of ELGi.

## O. ADDITIONAL CODE OF ETHICS FOR EMPLOYEES OF THE ACCOUNTS, FINANCE, AND SECRETARIAL DEPARTMENT

- ⦿ Honesty, integrity and sound judgement of the financial officers is fundamental for the success and reputation of ELGi. The professional and ethical conduct of the financial officers is essential to the proper functioning of the company. They shall be bound by the following code of ethics, in addition to those stated supra. They shall –
- ⦿ Act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal, financial and professional relationships,
- ⦿ Make full, fair, accurate, timely, and understandable disclosure in reports and documents that the company files with, or submits or makes periodically, to the shareholders, government authorities, and to the public,
- ⦿ Comply with governmental laws, rules, notifications and regulations applicable to the company's business,
- ⦿ Disclose to the board or any committee/officer designated by the board for this purpose, any material transaction or relationship that reasonably could be expected to give rise to any violations of the code including actual or apparent conflicts with the interests of the company,
- ⦿ Promote prompt reporting of violations of this code to the board of directors or any person/committee designated for this purpose, as may be necessary,

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- ⦿ Respect the confidentiality of information acquired in the course of employment unless legally obliged to disclose and ensure that no such confidential information is used for personal advantage/benefit,
- ⦿ Act in good faith, responsibility, with due care, competence and diligence without misrepresenting material facts,
- ⦿ Refrain from any inappropriate or undue influence of any kind in all dealings with independent auditors, and avoid any actual or apparent conflicts with analysts,
- ⦿ Not omit / neglect discharge of any duties which ought to be discharged by them,
- ⦿ Promptly disclose the details as required by various acts, rules to the board of directors.
- ⦿ All employees in the accounts, finance and secretarial department shall adhere to these principles, violation of which, will lead to appropriate disciplinary action including dismissal from the services of ELGi.
- ⦿ Any deviation/waiver from this code can only be effected on the sole and absolute discretionary authority of the board or any person/committee designated by the Board for this purpose.

## P. MISCELLANEOUS

### Equal opportunities

- ⦿ It is ELGi's principle to provide equal opportunities to all its employees irrespective of race, religion, caste, colour, sex, age, etc., and decisions shall be based only on merit;
- ⦿ Employees of ELGi shall be treated with dignity and respect and the environment shall be free from discrimination and abusive behaviour, including gender based ones, in any form or manner whatsoever;

### Safe and green company

⦿ ELGi strives to create a greener, safer and healthier working environment, minimizing wastage of natural resources and conducts its business affairs in accordance with the regulations pertaining to environmental protection. It also protects the health, safety and welfare of its employees by complying with the relevant regulations.

ELGi is always committed for Excelling in execution, Levering the power of people, Giving one's best and Into the future and is continuously reviewing and updating its policies and procedures. This code is likewise subject to modification and can be modified subject to the approval of the board of directors.

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## DECLARATION BY THE RECIPIENT:

I, \_\_\_\_\_ (give your name), S/O. \_\_\_\_\_, and employed as \_\_\_\_\_ in ELGi, (father's name and designation at ELGi), acknowledge receipt of the code of conduct, having read the same, I'm aware of its implications and undertake to abide by the same.

If I have any questions or concerns on the application / otherwise, I know that I'm at liberty to consult the HR department / finance department and that my questions / concerns would be maintained in confidence.

Date:

Place: Coimbatore

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