



# Code of Conduct

## CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

### Preamble

This Code of Conduct (the “Code”) sets forth legal and ethical standards of conduct for Directors and all employees of Commercial Engineers & Body Builders Co Limited. (“CEBSCO,” or the “Company”) and ensures compliance with legal requirements under Regulation 17 ‘Corporate Governance’ of the Listing Obligation and Disclosure Requirements 2015 and the reporting requirements of Business Responsibility Reports as mandated by Securities Exchange Board of India (SEBI). CEBSCO’s Code is designed to deter wrongdoing and to promote:

- I. Honest, fair and ethical conduct, including the ethical handling of conflicts of interest between personal and professional relationships;
- II. Protection and Proper Use of Corporate Assets & Company’s Confidential Information;
- III. Compliance with governmental laws, rules and regulations;
- IV. The prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code. All of our Directors and employees must conduct themselves accordingly and seek to avoid improper behavior. If one has any questions regarding this Code or its application to him in any situation, one should contact the Head, Human Resources or the Compliance Officer(s) (appointed by the Company under Corporate Governance Regulations).

### 1. Honest and Ethical Conduct and Fair Dealing

All of our Directors and employees should endeavor to deal honestly, ethically and fairly with the Company’s suppliers, customers, competitors, employees and shareholders. Statements regarding the Company’s products and services must not be untrue, misleading, deceptive or fraudulent. All of our Directors employees must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice. We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the

owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited.

To maintain the Company's reputation, compliance with our quality processes and safety requirements is essential. In the context of ethics, quality requires that our products and services reflect our ethical obligations. All operations must be conducted in accordance with all applicable regulations.

## **2. Conflicts of Interest**

The following pertains to all conflicts of interest other than those relating to transactions between CEBBCO and its affiliates. All of our Directors and employees must act in the best interests of the Company. All of our Directors and employees must refrain from engaging in any activity or having a personal interest that presents a "conflict of interest." A conflict of interest occurs when their personal interest interferes, or appears to interfere, with the interests of the Company. A conflict of interest can arise whenever our director and employee, take action or have an interest that prevents them from performing the Company duties and responsibilities honestly, objectively and effectively. In order to avoid conflicts of interest, employees, our directors and employees must observe the following restrictions, which are not to be construed as a comprehensive list:

- a) No employee or director may use the Company's name, property, proprietary or confidential information, or goodwill for personal gain or for the gain of others.
- b) No employee or director or close relative of an employee or director may engage in any activity as an officer, director, employee, contractor, supplier or consultant with any enterprise (other than CEBBCO and its affiliates) that competes with the Company. A "close relative" means a spouse, dependent child or parents.

Conflicts of interest are prohibited as a matter of Company policy. It is responsibility of the individual to disclose any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest to the Head, Human Resources or the Compliance Officer(s). The Board of Directors or any authorized Director shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

Conflicts of interest may not always be clear-cut, so if one has a question, one should consult with the Head, Human Resources or the Compliance Officer(s).

## **3. Confidential Information**

The disclosure of confidential information regarding business, financial, legal, regulatory or scientific operations, whether intentional or accidental, can adversely affect the financial stability and competitive position of the Company and the job security of its employees.

On account of this risk of harm to the Company, individuals must not, during the term of their employment by, service or affiliation with the Company or thereafter, disclose to third parties any

confidential information obtained during the course of employment, service or affiliation without confidential disclosure agreement or confidentiality provision.

“Confidential Information” means all non-public information in the Company’s possession, whether through internal or external development, that might be of use to competitors, or harmful to the financial stability or competitive position of the Company if disclosed, including but not limited to:

- Discoveries, inventions, improvements and innovations, whether patentable or copyrightable or otherwise
- Methods, processes and techniques, including manufacturing process information
- Shop practices
- Formulae, compounds and compositions
- Computer software
- Equipments
- Personnel data
- Customer lists
- Financial, pricing and accounting data
- Supplier data (names of suppliers, pricing, sources of supply, anticipated requirements)
- Results of regulatory inspections/audits
- Business plans and updates to business plans
- Potential acquisitions, licenses or other business deals
- Potential equity interests
- Regulatory filings and approval datas
- Marketing and sales information

#### **4. Corporate Opportunities**

Directors and employees shall not exploit for their own personal gain, opportunities that are discovered through their position with the Company, use for themselves corporate information or property unless the same is disclosed prior to use in writing to the Chairman in case of employee and to the Board of Directors in case of any director.

#### **5. Other Directorships**

The Company feels that serving on the Boards of Directors of other companies may raise substantial concerns about conflict of interest. Therefore, all Directors and employees must report / disclose such relationships to the Board, when such relationships are formalised and thereafter, on an annual basis. It is felt that service on the Board of a direct competitor is not in the interest of the Company.

## **6. Compliance with Laws, Rules and Regulations**

Directors and employees are required to comply with all applicable laws, rules and regulations, and Company procedures, rules and policies as may be made applicable by the Company from time to time. In order to assist the Company in promoting lawful and ethical behavior, Directors and employees must report any violation of law, rules, regulation or the code of conduct to the Head, Human Resources or the Compliance Officer(s).

## **7. Protection and Proper Use of Corporate Assets**

Executive Directors and employees should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Executive Directors and employees must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else. Company equipment should not be used for non-Company business or activity. The obligation of Directors and employees to protect the Company's assets extends to its proprietary information. Proprietary information includes intellectual property such as customer data or information, trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data reports. Unauthorized use or distribution of this information would violate Company policy and could also be illegal resulting in civil or even criminal penalties.

## **8. Financial Reporting**

High standards of integrity are integral to our business conduct. Our financial reports should stand as a barometer of not just high performance but also high transparency and accountability. It should be our constant endeavor to share and disclose to our stakeholders material information as recommended in statutory guidelines.

## **9. Insider Trading**

A Director/Senior Management personnel shall not derive benefit or assist others to derive benefit by giving investment advice based on price sensitive information (defined in SEBI Prohibition of Insider Trading Regulations, 1992) about the company, not in public domain and therefore constituting insider information. All Director/Senior Management personnel shall comply with SEBI Prohibition of Insider Trading Regulations, 1992 and insider trading policy of the Company.

## **10. Code for Independent Directors**

As per Companies Act 2013 Section 166 following are the duties of director:

(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.

In addition to the above an independent directors of the Company shall comply with the following—

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- ii. 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;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- iv. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the company;
- vi. 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;
- vii. keep themselves well informed about the company and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. 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;
- x. 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;

- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- xii. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- xiii. 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.

#### **11. Compliance with the Code**

Once every year or upon revision of this code, every Director/ Senior Management person must acknowledge and execute an understanding of the code and an affirmation that he/she has complied with the Code. New Directors/ Senior Management persons will sign such a deed at the time of joining

#### **12. Amendment/Modification /waiver to the Code**

The provisions of this Code can be amended or modified or varied or waived by the Board of directors of the Company from time to time and all such amendments and modifications and waiver shall take effect from the date stated therein. This Code and any amendment thereto shall be posted on the website of the Company.

#### **13. Reporting**

While every Director/ Senior Management person shall ensure compliance with this code, any instance of violation or possible violation of this code by the concerned Director/ Senior Management person shall be immediately reported to the Board through the Compliance Officer.

**14.** In case of any doubts as to the best course of action, the concerned Director/ Senior Management person shall promptly contact the Compliance Officer.