

GOVERNMENT OF ASSAM  
PUBLIC ENTERPRISES DEPARTMENT  
SECRETARIAT COMPLEX : BLOCK "C" : 3<sup>RD</sup> FLOOR  
DISPUR : GUWAHATI 781006

No. PE. 147/2011/11

Dated Dispur the 8<sup>th</sup> September, 2011

From : Sri P. Basumatari  
Deputy Secretary to the Govt. of Assam

To : 1. The Principal Secretary/ Commissioner & Secretary/ Secretary to the Govt. of  
.....Department, Dispur

2. The Chairman/ Chairman cum Managing Director/ Managing director/ Chief  
Executive Officer/ Commissioner.....

Sub : Code of Conduct for the Board of Directors & Senior Management of State  
Level Public Enterprises (SLPEs)

Sir,

With reference to the subject cited above, I am directed to enclose herewith a copy of the Model Code of Conduct for the Board of Directors alongwith the suggested list of items to be included in the Code of Conduct and the Model Code of Business Conduct & Ethics for Board Members and Senior Management. Government in the Public Enterprises Department desires that the same is to be adopted by the State Level Public Sector Enterprises for better Corporate Governance & performance by the SLPEs.

This has the approval of Hon'ble Minister, Public Enterprises.

Enclo : As stated

Yours faithfully,

*P. Basumatari*  
(P. Basumatari)

Deputy Secretary to the Govt. of Assam  
Public Enterprises Department

Memo No. PE. 147/2011/11-A

Dated Dispur the 8<sup>th</sup> September, 2011

- Copy to : 1. P.P.S. to Chief Minister for kind information of Hon'ble Chief Minister, Assam .
2. P.S. to Minister, Public Enterprises for kind information of Hon'ble Minister Public Enterprises.
3. S.O. to the Chief Secretary for kind information of Chief Secretary, Assam.
4. P.S. to Addl. Chief Secretary Public Enterprises for kind information Addl. Chief Secretary Public Enterprises.

By order etc.

*P. Basumatari*  
Deputy Secretary to the Govt. of Assam  
Public Enterprises Department

### 3.4 Code of Conduct

3.4.1 The Board shall lay down a code of conduct for all Board Members and senior management of the company. The code of conduct shall be circulated and also posted on the website of the company.

3.4.2 All board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by its Chief Executive.

3.4.3 Guidelines and policies evolved by the Central Government with respect to the structure, composition, selection, appointment and service conditions of Boards of Directors and senior management personnel shall be strictly followed.

3.4.4 There shall be no extravagance in expenditure on the part of Board members and senior management personnel. CPSEs executives shall be accountable for their performance in conformity with established norms of conduct.

Explanation: For this purpose, the term "senior management" shall mean personnel of the company who are members of its core management team, excluding Board of Directors. Normally,

this would comprise all members of management one level below the functional directors, including all functional heads.

3.4.5 Any external/internal changes made from time to time, due to addition of or amendment to laws/regulatory rules, applicable to CPSEs, need to be dealt with carefully by the respective boards/senior management personnel.

3.4.6 A suggested list of items to be included in the code of conduct is given at Annex-V. Further, to assist the CPSEs in the formulation of the code, a model Code of Business Conduct and Ethics for Board Members and Senior Management is given at Annex-VI.

## SUGGESTED LIST OF ITEMS TO BE INCLUDED IN THE CODE OF CONDUCT

The Board of Directors of the company will formulate the code of conduct for the Directors and senior Management Personnel and while doing so the code of conduct would, inter alia, include the following:

- act in the best interests of, and fulfill their fiduciary obligations to the Company
- act honestly, fairly, ethically and with integrity;
- conduct themselves in a professional, courteous and respectful manner and not take improper advantage of the position of Director;
- act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates.
- comply with communication and other policies of the Company;
- act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- not to use the Company's property or position for personal gain;
- not to use any information or opportunity received by them in their capacity as Directors in a manner that would be detrimental to the Company's interests;
- act in a manner to enhance and maintain the reputation of the Company;
- disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing a decision on any matter in which the concerned Director has or may have such an interest;
- abstain from discussion, voting or otherwise influencing a decision on any matters that may come before the board in which they may have a conflict or potential conflict of interest;
- respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors, except when authorized or legally required to disclose such information;
- not to use confidential information acquired in the course of their service as Directors for their personal advantage or for the advantage of any other entity;
- help create and maintain a culture of high ethical standards and commitment to compliance;
- 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.
- Treat the other members of the Board and other persons connected with the Company with respect, dignity, fairness and courtesy.

## MODEL CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

### 1.0 Introduction

- 1.1 This Code shall be called "The Code of Business Conduct & Ethics for Board Members and Senior Management" of.....(hereinafter referred to as "the Company")
- 1.2 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.
- 1.3 This Code for Board Members and Senior Management has been framed specially in compliance of the provisions of Clause 49 of the Listing Agreement with Stock Exchanges and as per the Guidelines of DPE.
- 1.4 It shall come into force with effect from the .....(year and month).

### 2.0 Definitions and Interpretations:

- 2.1 The term "Board Members" shall mean Directors on the Board of Directors of the Company
- 2.2 The term "Whole-time Directors" or "Functional Directors" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the company.
- 2.3 The term "Part-time Directors" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.
- 2.4 The term "Relative" shall have the same meaning as defined in Section 6 of the Companies Act, 1956.
- 2.5 The term "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one level below the Whole time Directors, including all functional heads.
- 2.6 The term "the Company" shall mean .....(name of the Company)

Note: In this Code words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.

### 3.0 Applicability

3.1 This code shall be applicable to the following personnel:

- a) All Whole-time Directors including the Chairman & Managing Director of the Company.
- b) All Part-time Directors including Independent Directors under the provisions of law.
- c) Senior Management

3.2 The Whole-time Directors and Senior Management should continue to comply with other applicable/to be applicable policies, rules and procedures of the Company.

### 4.0 Contents of Code

Part I General Moral Imperatives

Part II Specific Professional Responsibilities

Part III Specific Additional Provisions for Board Members and Senior Management

This code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

## 5.0 General Moral Imperatives

### 5.1 Contribute to society and human well being

5.1.1 This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. We must attempt to ensure that the products of our efforts will be used in socially responsible ways, will meet social needs and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human well being includes a safe natural environment.

5.1.2 Therefore, all Board Members and Senior Management who are accountable for the design, development, manufacture and promotions of company's products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

### 5.2 Be honest and trustworthy & practice integrity

5.2.1 Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively.

5.2.2 All Board Members and Senior Management are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting business of the Public Enterprise.

### 5.3 Be fair and take action not to discriminate

5.3.1 The value of equality, tolerance, respect for others, and the principles of equal justice govern this imperative. Discrimination, on the basis of race, sex, religion, caste, age, disability, national origins or other such factors, is an explicit violation of this Code.

### 5.4 Honour confidentiality

5.4.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.

5.4.2 All Board Members and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the CPSE.

## 5.5 Pledge & Practice

5.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.

5.5.2 Work unstintingly for eradication of corruption in all spheres of life.

5.5.3 Remain vigilant and work towards growth and reputation of the Company.

5.5.4 Bring pride to the organization and provide value-based services to Company's stakeholders.

5.5.5 Do duty conscientiously and without fear or favour.

## PART II

### 6.0 Specific Professional Responsibilities

#### 6.1 Live the Vision, Mission and Values of CPSE - each day

Live the Vision, Mission and Values of .....(name of CPSE) each day. For quick reference they are as under:

##### Vision

[Incorporate here vision of the CPSE - for example - A World-class Engineering Enterprise committed to enhancing Stakeholder Value]

##### Mission

[Incorporate here the mission of the CPSE - for example To be an Indian Multinational Engineering Enterprise providing total business solutions through quality products, systems and services in the fields of ..... and other potential areas]

##### Values

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team-work
- Loyalty and pride in the CPSE

- 6.1 Strive to achieve the highest quality, effectiveness and dignity in both the 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.
- 6.2 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.
- 6.4 Compliance with Laws:- The Board Members and Senior Management of the CPSE shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow and obey the policies, procedures, rules and regulations relating to business of the CPSE.
- 6.5 Accept and provide appropriate professional review: Quality professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of theirs.
- 6.6 Manage personnel and resources to enhance the quality of working life:- Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of the CPSE by providing them all necessary assistance and cooperation, thus enhancing the quality of working.
- 6.7 Be upright and avoid any inducements:- The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc.
- 6.8 Observe Corporate Discipline:- The flow of communication within the CPSE is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as a guide to action, in others they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.
- 6.9 Conduct in a manner that reflects credit to the Company:- All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behaviour has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.



- 6.10 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 its 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 the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.
- 6.11 Prevention of Insider Trading:- The Board Members and Senior Management shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company.
- 6.12 Identify, mitigate and manage business risks:- It is everybody's responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.
- 6.13 Protect properties of the Company:- The Board Members and Senior Management shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

### PART - III

#### 7.0 Specific Additional Provisions for Board Members and Senior Management

7.1 As Board Members and Senior Management: They shall undertake to actively participate in the meetings of the Board and Committees on which they serve.

#### 7.2 As Board Members.

7.2.1 Undertake to inform the Chairman and Managing Director/ Company Secretary of the Company of any changes in their other Board positions, relationship with other business and other events/ circumstances / conditions that may interfere with their ability to perform Board/ Board Committee duties or may impact the judgement of the Board as to whether they meet the independence requirements of Listing Agreement with Stock Exchanges and the Guidelines of DPE.

7.2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases can be:

**Related Party Transactions:** Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).

**Outside Directorship:** Accepting Directorship on the Board of any other Company that competes with the business of the Company.

**Consultancy/Business/Employment:** Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the company.

**Use of Official position for personal gains:** Should not use their official position for personal gains.

### 7.3 Compliance with the Code of Business Conduct and Ethics

7.3.1 All Members of the Board and Senior Management of Company shall uphold and promote the principles of this code.

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members and Senior Management to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

7.3.2 Treat violations of this code as inconsistent association with the organisation

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members and Senior Management 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 take appropriate action against the defaulter.

### 7.3 Miscellaneous Points

7.4.1 Continual updation of Code

This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments / modifications shall take effect prospectively from the date stated therein.

7.4.2 Where to seek clarifications

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

**ACKNOWLEDGEMENT OF RECEIPT OF  
CODE OF BUSINESS CONDUCT AND ETHICS FOR  
BOARD MEMBERS AND SENIOR MANAGEMENT**