

Code of Business Conduct and Ethics for Board Members, Key Managerial Personnel and Senior Management of BEL-THALES Systems Limited

1.0 Introduction

- 1.1 This Code shall be called "The Code of Business Conduct & Ethics for Board Members, Key Managerial Personnel and Senior Management" of BEL-THALES Systems Limited (hereinafter referred to as "the Company").
- 1.2 The Code of Business Conduct & Ethics for Board Members, Key Managerial Personnel and Senior Management (hereinafter referred to as "the Code" or "this Code") has been prepared in accordance with the provisions of the Companies Act, 2013 and DPE guidelines on Corporate Governance for Central Public Enterprises (CPSEs).
- 1.3 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.
- 1.4 This Code shall come into force with effect from April 01, 2017.

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 mean 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 "Independent Director" means a Director referred to in Section 149 (6) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.
- 2.5 The term "Key Managerial Personnel" (KMP) means:
 - (i) the Managing Director or the Chief Executive Officer (CEO)
 - (ii) the Company Secretary
 - (iii) the Chief Financial Officer

- 2.6 The term "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise the Vice CEO, the Heads of Departments including the Designated Project Heads.
- 2.7 The term "Relative" shall have the same meaning as defined in Section 2 (77) of the Companies Act, 2013 read with the Companies (Specification of Definitions Details) Rules, 2014 (the relevant extract is enclosed as Annexure- 1).
- 2.8 "Parent Companies" means "Bharat Electronics Limited" and "THALES S.A." as defined in the Joint Venture Agreement dated 23rd August 2012 of the Company.
- 2.9 The words and expressions contained in this Code, but not defined herein, shall bear the same meaning as in the Companies Act, 2013.

3.0 Applicability

- 3.1 This code shall be applicable to the following personnel, including persons on deputation from Parent Companies and holding any of the following positions at (a), (c) or (d) in the Company:
- a) All Whole-time Directors including the Managing Director or the Chief Executive Officer of the Company.
 - b) All Part-time Directors including Independent Directors under the provisions of law.
 - c) Key Managerial Personnel (KMP)
 - d) Senior Management
- 3.2 The Whole-time Directors, KMP 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

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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 and binding.

Part – I

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, KMP and Senior Management who are accountable for the design, development, manufacture and promotions of the 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, KMP 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 Company.

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, KMP and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Company.

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 the 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 the Company – each day

Live the Vision, Mission and Values of BEL-THALES Systems Limited each day. For quick reference they are as under:

Vision

To be a leading technology and service provider for Radars in civilian and select defence sectors in Indian and Global market.

Mission

To be a lean and agile enterprise in Developing, Evolving and Customising Radars and related services to meet challenges faced by the Customer.

Values

* Putting customers first

- * Working with transparency, honesty & integrity
- * Trusting & respecting individuals
- * Fostering team work
- * Striving to achieve high employee satisfaction
- * Encouraging flexibility and innovation
- * Proud of being a part of the organisation

6.2 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.

6.3 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, KMP and Senior Management of the Company 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 Company.

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, KMP 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 Company 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, KMP 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 the 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. Nominal gifts of commemorative nature, for special events may be accepted and acceptance of such gifts in value exceeding Rs.1,000/- individually be reported to the Board.

6.8 Observe Corporate Discipline

The flow of communication within the Company 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 the Company and the way in which it is perceived within the organization and by the public at large.

6.10 Be accountable to the 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 the Company's stakeholders.

6.11 Prevention of Insider Trading

The Board Members, KMP 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, KMP 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

7.1 As Board Members, KMP 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 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 the 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. This excludes nominee directors appointed by the Parent Companies from acceptance of Directorship on the Boards of the holding company, subsidiaries, joint venture companies or associate companies of the Company as well as directorship on the Boards of the holding company, subsidiaries, joint venture companies or associate companies of any one of the Parent Companies. This will also exclude acceptance of directorship on the Boards of any company when such appointment is proposed by the Company or any one of its Parent Companies to represent the Company or one of the Parent Companies directly or through its holding company, subsidiaries, joint venture companies or associate companies, as nominee director.
- 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 the 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 As Independent Directors

7.3.1 The Independent Directors shall adhere to the provisions of Section 149 (8) of the Companies Act, 2013 read with Schedule IV of the Act, to the extent applicable (the relevant extract of Schedule IV is enclosed as Annexure 2).

7.4 As KMP and Senior Management

They shall discharge their respective responsibilities and conduct the business in the best interest of the Company and shall always avoid any conflict of interest. In situations involving any apparent conflict between the interest of the Company and any of the Parent Companies or stakeholders, they shall act in the paramount interest of the Company.

7.5 Compliance with the Code of Business Conduct and Ethics

7.51 All Members of the Board, KMP and Senior Management of the 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, KMP and Senior Management to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

7.5.2. Enforcement of Code of Conduct

7.5.2.1 The Company appoints the Company Secretary as the Compliance Officer, who will be available to Directors, KMP and Senior Management to answer questions and to help them comply with the code. The Compliance Officer shall forward a copy of the Code to the existing "Directors", "KMP" immediately on its approval by the Board and to the new "Directors", "KMP" immediately on their appointment on the Board. He shall also make available to all existing "Senior Management", a copy of the Code and to new appointees in these cadres, a copy of the Code immediately on receipt of intimation from Human Resource Department of their appointment as "Senior Management". All "Directors", "KMP" and "Senior Management" shall acknowledge the receipt of this Code and on intimation of any revision thereon, in the Form appended to this Code.

7.5.2.2 The "Directors", "KMP" and "Senior Management" shall affirm compliance to the Code in respect of the previous financial year, by forwarding an Annual Compliance Report in the prescribed form to the Compliance Officer of the Company by 30th April of each financial year. A declaration by the Chief Executive Officer & Managing Director to this effect shall be made in the Annual Report.

7.5.2.3 The Compliance Officer shall report to the Board, any breach of this code, which comes to his notice, for its information and to decide on the future course of action.

7.5.3 Treat violations of this code as inconsistent association with the organization

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members, KMP and Senior Management does not follow this Code, the matter would be reviewed by the Board and its decision shall be final and binding. The Company reserves the right to take appropriate action against the defaulter.

7.6 Miscellaneous Points

7.6.1 Continual updation of the Code

This Code is subject to continuous review and updation in line with any changes in law, changes in the 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.

7.6.2 Where to seek clarifications

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

**Acknowledgement of Receipt of the Code of Business
Conduct and Ethics for Board Members, Key Managerial
Personnel and Senior Management**

I have received and read the code of Business Conduct and Ethics for Board Members, KMP and Senior Management of BEL-THALES Systems Limited. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the Company or the legal and regulatory requirements applicable to my job, I know that I can consult any Director or Company Secretary of the Company knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following Affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

Affirmation

(By the Board Members / KMP / Senior Management of the Company on Annual basis by 30th April of every year)

I, (name), (designation), having read and understood the Code of Business Conduct and Ethics for the Board Members, Key Managerial Personnel and Senior Management, hereby solemnly affirm that I have complied with and have not violated any of the provisions of the Code during the year ended 31st March

Signature _____

Name _____

Designation _____

Staff Number _____

Place:

Telephone No. _____

Date:

Extract of Section 2 (77) of the Companies Act, 2013

Meaning of “relative”

2 (77) “relative”, with reference to any person, means any one who is related to another, if —

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;

The Companies (Specification of Definitions Details) Rules, 2014:

List of relatives in terms of clause (77) of section 2:

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father:
Provided that the term “Father” includes step-father.
- (2) Mother:
Provided that the term “Mother” includes the step-mother.
- (3) Son:
Provided that the term “Son” includes the step-son.
- (4) Son’s wife.
- (5) Daughter.
- (6) Daughter’s husband.
- (7) Brother:
Provided that the term “Brother” includes the step-brother;
- (8) Sister:
Provided that the term “Sister” includes the step-sister.

Relevant Extract of Schedule IV of the Companies Act,

2013

I. Guidelines of professional conduct:

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the Company in implementing the best Corporate Governance practices.

II. Role and functions:

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 2) 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;

- 3) strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
- 4) participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members;
- 5) strive to attend the General Meetings of the Company;
- 6) 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;
- 7) keep themselves well informed about the Company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- 9) 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;
- 10) 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;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) 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.