

# BAJAJ CORP LIMITED

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## CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

The Code of Conduct for Independent Directors (“Code”) helps maintain the standards of governance and probity for BAJAJ CORP LIMITED (“Company”). The purpose of this Code is to align the duties and responsibilities of Independent Directors of the Company in line with the provisions of Companies Act, 2013 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the Independent Directors should read and understand this Code, uphold these standards, comply with all applicable laws, rules and regulations and all applicable policies adopted by the Company:

### **1. 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.

### **2. Role and functions:**

An independent director 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 of 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.

### **3. Duties:**

An independent director 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 / she 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.

### **4. Manner of appointment:**

- i. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- ii. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- iii. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

- iv. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- v. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- vi. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **5. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **6. Resignation or removal:**

- i. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- ii. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- iii. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **7. Separate meetings:**

- i. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- ii. All the independent directors of the company shall strive to be present at such meeting;
- iii. The meeting shall:
  - a) review the performance of non-independent directors and the Board as a whole;

- b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **8. Evaluation mechanism:**

- i. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- ii. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

## **9. Insider Trading:**

Obligations under Indian securities laws apply to everyone as the Company is listed on the Indian stock exchanges. In the normal course of business, Independent Directors of the Company come into possession of significant, sensitive information. This information is the property of the Company. He/ she has been entrusted with it. He / she may not profit from it by buying or selling securities him/herself. Further he / she is not to tip others to enable them to profit or for them to profit on his/ her behalf. The purpose of this Code is both to inform his/ her of your legal responsibilities and to make clear to him / her that the misuse of sensitive information is contrary to Company policy and applicable Indian securities laws.

As per the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, it is prohibited to deal in shares / securities of the company during the period trading window is closed by the company. Company's Secretarial / Finance department will announce from time to time about opening and closing of trading window and all concerned to whom this code applicable are required to abstain from trading of shares and securities of the company during the closure of trading window. Further, no insider shall trade in the securities of the Company, when in possession of Unpublished Price Sensitive Information.

Insider trading is a crime, penalized by fines and imprisonment for individuals. In addition, the Securities and Exchange Board of India may seek the imposition of a penalty. Insider traders must also disgorge any profits made, and are often subjected to an injunction against future violations. Finally, insider traders may be subjected to civil liability in private lawsuits.

Insider Trading Rules are strictly enforced, even in instances when the financial transactions seem small. You should read the SEBI (Prohibition of Insider Trading) Regulations, 2015 carefully, paying particular attention to the specific policies and the potential criminal and civil liability and / or disciplinary action for insider trading violations. You should comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

## **10. Prohibition Against Short Selling of Company Stock:**

Independent Directors are prohibited, directly or indirectly, to sell any equity security, including derivatives, of the Company if he or she does not own the security sold, or owns the security, does not deliver it against such sale (a "short sale ") within the applicable settlement cycle.

## **11. Waivers and Amendments of the code:**

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this code is subject to modification. Any amendment or waiver of any provision of this Code must be approved in writing by the Company's Board of Directors and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of amendment or waiver.