



# PPAP AUTOMOTIVE LIMITED

## CODE OF CONDUCT AND ETHICS

DETAILS	PARTICULARS	
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Approved by	Board of Directors of PPAP Automotive Limited	

## **1. Purpose**

PPAP Automotive Limited ("the Company or PPAP") business practices are based on trust, mutual respect, integrity and fairness. The Company wants to be a reliable partner for all stakeholders—customers, suppliers, employees and shareholders.

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations with the highest standards of business ethics and as a good corporate citizen. Every employee is required to contribute to the long-term success of the Company.

This Code sets out the principles and practices that must be observed in letter and spirit by all the Board members, employees and subsidiaries of the Company. The Company expects these to be followed by our business partners also.

## **2. Definitions**

- a) "Board" means the Board of Directors of the Company.
- b) "Code" means this Code of Conduct and Ethics.
- c) "Company" or "PPAP" means PPAP Automotive Limited.
- d) "Director" means a member of the Board of Directors of the Company.
- e) "SMP" means Senior Managerial Personnel belonging to the category of Assistant General Manager or above.

## **3. Code of personal conduct**

### **3.1 Honesty & integrity**

All employees shall act with honesty and with the highest standards of personal and professional integrity. They are always required to demonstrate honesty and integrity in their conduct while representing PPAP and while conducting business on behalf of the Company. All employees are also expected to uphold the spirit of teamwork and ensure that the best interest of the team and Company prevail, always. They shall act in good faith, responsibly, with competence and diligence and be truthful about the services provided.

### **3.2 Respect for human rights**

All employees shall adhere to the human rights and dignity of every individual and of the community. They are required to honour commitments, demonstrate respect and trustworthy behaviour in their dealings with other employees, as well as, other stakeholders without any discrimination.

## **4. Code of conduct towards Employees**

### **4.1 Equal opportunities for employment**

The Company works consistently to provide equal opportunities to all and does not discriminate against any person based on their gender, caste, religion, age (within statutory limits), marital status, nationality, ancestry, ethnicity, geographical origin, sexual orientation, disability or any other trait protected by law, with respect to hiring, promotion, transfer, wages /remuneration, compensation & benefits, career development opportunities, etc.

It is expected that SMP shall take employment related decisions based on the merit of the person and not discriminate against any person.

### **4.2 Workplace free of harassment**

PPAP recognizes and respects the right of every employee for a harassment free workplace. Hence, employees are expected to ensure a healthy, safe and conducive work environment that is free from harassment of any kind or form.

Towards this, employees are prohibited from indulging in harassment of any kind or form-whether physical, verbal, psychological or sexual in nature. This includes all types of unwelcome, offensive, demeaning and intimidating behaviours, whether explicit or implicit. The Company sets a standard of 'zero tolerance' for harassment. We are all responsible for ensuring that we avoid actions or behaviour that are, or could be, viewed as harassment. The Company views all incidents of 'sexual harassment', very seriously and encourages employees to report any incidents of sexual harassment to the Internal Complaints Committee (ICC) formed under Policy of Prevention of Sexual Harassment at the workplace of the Company ("POSH Policy"). The Company may initiate strict disciplinary action against an employee found guilty of any kind of sexual harassment. For further information, please refer to Policy of Prevention of Sexual Harassment at Workplace of the Company on the Company's website.

#### **4.3 Safe working environment**

The safety of people in the workplace is of prime importance to the Company. The Company maintains a comprehensive EHS (Environment, Health and Safety) management system at all its establishments. All forms of substance abuse, as well as, the use or distribution of drugs or alcohol while at work is prohibited. The Company should maintain compliance with local laws to maintain healthy work surroundings and it collaborates with business partners to ensure that they also exercise their responsibility for a safe working environment.

The Company promotes clean and green energy initiatives to ensure a sustainable environment and takes steps necessary to reduce wastages. All employees are required to:

- Stop work on your own or others', if they consider it unsafe.
- Play their part in protecting the environment.
- Be sure that their performance is not impaired, for example by a lack of sleep, alcohol, or any other drugs etc.
- Ensure contractors and others with whom they work with to comply with applicable EHS requirements.
- Report to respective in charge of factories or plant head any accidents, injury, illness, or unsafe condition immediately and take effective countermeasures.

#### **4.4 Prohibition of child and forced labour**

PPAP prohibits the employment of child and forced labour at its factories and offices. All employees of the Company are responsible for hiring the staff to ensure that this principle is upheld.

#### **4.5 Open door communication**

PPAP believes that the work environment should be free from any kind of bureaucracy and all employees must have access to other employees regardless of their position or influence in the Company. SMP are required to foster an open-door culture at the workplace.

#### **4.6 Freedom of association**

PPAP respect our employees right of freedom of association and collective bargaining. PPAP follows all local laws for representation of labour.

#### **4.7 Working Hours**

PPAP prohibits employees to work more than the maximum hours as set by local and national laws. Overtime should be carried out only in emergency or unusual situations, restricted as per regulations. Employees should avoid absenteeism without prior approval of the Reporting Manager.

### **5. Code of conduct towards the Company**

#### **5.1 Financial reporting & records**

The Company shall prepare and maintain its accounts fairly and accurately. As a listed enterprise, the Company is bound by certain standards of financial reporting and is required to maintain appropriate internal controls and procedures to provide assurance to the Company's

Board, shareholders and regulatory authorities that all the transactions are accurate and legitimate.

If an employee has responsibility for or any involvement in financial reporting or accounting, that employee shall have an appropriate understanding and shall act in good faith to adhere to the relevant accounting and financial reporting principles, standards, laws, rules and regulations and the Company's financial and accounting policies, controls and procedures.

There shall be no wilful omissions of any Company's transactions from the books and records. The SMP seek to ensure that the internal controls and procedures in their working areas are in place, understood and followed.

## **5.2 Solicitation of gifts, advantages and donations**

Offering or receiving gifts or being entertained creates an actual or apparent conflict of interest and PPAP does not welcome this kind of activity. PPAP and its employees shall neither receive nor offer or make, any illegal payments, gifts, donations or comparable benefits that are intended or perceived to obtain uncompetitive favours for the conduct of its business.

The giving or receiving of gifts or any other form of benefits can influence the independence of the Company's judgement or judgement of its business partners.

However, cards, thank you notes, certificates, or other written forms of thanks and recognition, foods, beverages, priced meals equivalent to Rs. 1500 or less, that are supplied by customers, partners, and vendors or suppliers in the interest of building positive business relationships may be accepted.

When any employee makes a gift to a customer, a government official or any third party, they should keep the following in mind that:

- It is not done to obtain or retain business or gain an improper advantage in business;
- It is lawful under the laws of the country where the gift is being given and permitted under the policies of the client;
- It constitutes a bona fide promotion or goodwill;
- It is not in the form of cash;
- The gift is of nominal value; and
- The gift is accurately recorded in the Company's books and records.

## **5.3 Compliances**

The Company respects and complies with all applicable local, national and international laws, rules and regulations, wherever it does business. Compliances with the laws is a prerequisite for long-term success of the Company. The employees are expected to acquire appropriate knowledge of local legal and regulatory requirements relating to their roles and responsibilities to enable them to discharge their duties.

It is desirable that Directors and SMP acquire appropriate knowledge of the legal requirements relating to their roles and duties for their compliance. Violations can have severe consequences such as criminal convictions, disciplinary action, fines and reputational damage.

## **5.4 Protecting the Company's assets**

Every employee must ensure proper and appropriate use of the Company assets. The assets shall be employed primarily and judiciously for conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as, intangible assets such as software, proprietary information, intellectual property, relationships with customers and suppliers etc.

## **5.5 Conflicts of interest**

The Company expects loyalty and integrity from all its employees. This means that all employees will act solely in the interest of the Company within the scope of their employment. Personal business interests should not interfere with or obstruct the business interests of the Company. Below are some of such situations that must be avoided:

- An employee of PPAP shall not accept concurrent employment outside the Company, with or without remuneration. This encompasses undertaking any consulting assignment, freelancing, or any position of responsibility. In case an employee intends to undertake any concurrent opportunity outside the Company, prior approval from the Managing Director is required.
- An employee shall not employ a relative in the same department or in a position of financial influence.
- Employees are prohibited from conducting Company's business with any relative, without prior approval from Managing Director. The employees must refrain from developing / maintaining personal associations with stakeholders.
- Any other situation that hampers an employee's ability to take business decisions in the best interest of the Company.

Each employee must fully and frankly inform the Company of any personal or external business interest that may lead to an actual or potential conflict of interest or duty. The Company will take appropriate steps to eliminate or minimize such conflicts of interest at the earliest. All employees shall obtain prior approval of the Managing Director for accepting Directorship of any other company or partnership of a firm.

### **5.6 Government investigations**

The employee shall immediately notify the Company if they receive any notice from any Court, judicial / quasi - judicial authority seeking the information about the Company to enable the Company to take appropriate and timely steps. In the event an employee must give information or reply in respect of such notice or during Government investigation, they shall immediately give a copy of such reply to the Company. The employee shall not discuss about such investigation in public.

## **6. Code of conduct towards customers & suppliers**

### **6.1 Product stewardship**

PPAP recognizes that product integrity, product quality and being safe and environmentally responsible are the founding principles of product stewardship.

Therefore, the Company is committed to ensure that its products and manufacturing processes adhere to prescribed quality standards and that technologies used are safe and environmentally responsible across the product life cycle, including its usage by the intended customers.

### **6.2 Fair Competition Practices**

PPAP competes fairly in all its markets, within the framework of applicable laws. Towards this end, employees must ensure that they adopt fair competition practices in all the dealings. This includes the following:

- Never resort to fixing prices;
- Never resort to rigging bids;
- Never boycott specific customers/suppliers;
- Only use legitimate means to obtain competitive information;
- Never comment on competitors' products or services in an inaccurate or untruthful manner;
- Never misrepresent or make misleading / untruthful claims about products in the marketplace.

### **6.3 Customer and vendor relationships**

PPAP recognizes that customers, vendors and other business partners play a crucial role in the success of the Company. Hence, all Employees shall always maintain relationships of mutual respect and trust with all parties. Further, when selecting vendors and subcontractors to provide products or services or to work on PPAP's behalf, it must be ensured that selections are fair, based on a proper weighing of all the facts, which include quality, safety records, technical ability, historical experience, reliability, cost, schedule and availability and not in a biased manner or for inappropriate or illegal reasons.

## **7. Handling of information**

### **7.1 Confidential information**

All employees must protect the Company's information and treat it in the strictest confidence. Unless required by law or authorised by the management, employees shall not disclose confidential information or allow such disclosure. This does not only apply to the Company's own information but also to the confidential information entrusted to the Company by its customers, suppliers and business partners.

Confidential or proprietary information about clients, Company, or other parties, which has been gained through employment or affiliation with PPAP, shall not be used for personal advantage or for the benefit of third parties.

### **7.2 Insider trading**

Employees having information, i.e. price sensitive information which is not yet public and that could have potential influence on the price of the securities of the Company, are not allowed to use this information for the trading of Securities, nor may they pass on insider information to third parties and others including immediate family, friends or business associates to derive any benefit from access to and possession of price sensitive information.

For further information, please refer to Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information on the Company's website.

## **8. Code of conduct towards society**

### **8.1 National interest**

All employees are expected to conduct business in the best national interest and shall not engaged in any activities that shall put national interest at risk.

### **8.2 Community service and environment protection**

All employees shall be good citizens. Each employee shall not only comply with the applicable law, rules or regulations, policies and procedures of the Company but also contribute to the improvement of quality of life of people in the local communities in the geographical area in which the Company operates.

All employees shall protect their surrounding environment and work to minimize waste, prevent pollution, conserve energy and natural resources. Towards this end, the Company is complying with the applicable environmental laws and requirements.

## **9. Code for independent directors**

The Company recognizes the benefits of having a diverse Board. It is essential for the Company's long-term success and sustainability. The Independent Directors, in addition to the compliance with this Code, shall comply with and adhere to the Code for Independent Directors framed in accordance with the provisions of Section 149 of the Companies Act, 2013 and forming part of this Code and enclosed as "Annexure-I".

## **10. Whistle blower policy / vigil mechanism**

Notifications about violations of this Code, specifically illegal business practices as defined under Company's Whistle Blower Policy of the Company, are required to be made using the process as defined under the Policy. All such reports of violation under this Code shall be treated as protected disclosures under Whistle Blower Policy.

The procedure to report is outlined in the "Whistle Blower Policy" available on the Company's website.

## **11. Consequences for proven violations**

Violations of this Code, Company Policy or the law will attract disciplinary action and include termination. Violations also include any false allegations, regardless of whether they are made anonymously. Legal and ethical misconduct can also subject the individuals involved and PPAP to fines, penalties and civil or criminal prosecutions.

## **12. Affirmation**

This Code will apply to all employees and shall be construed to have affirmed to the same as part of their employment conditions and are required to sign a copy and hand over to the People Excellence Department, if not signed earlier and new appointees shall sign this Code on their joining the Company and agree to comply (Annexure-II).

All Directors shall sign the acknowledgement form indicating that they have received, read and understand the provisions of this Code and agree to comply the same (Annexure-III). All Directors and SMP shall also affirm compliance with this Code on an annual basis as at the end of each the financial year (April to March) (Annexure-IV).

## **13. Amendments**

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, the Board reserves its right to amend, alter or terminate this Code at any time and for any reason, subject to applicable laws.

This Code is not exhaustive and lays down only the general principles to be followed by all parties.

The Company may have separate codes/policies formulated for regulating various matters or provisions that may be required under the specific laws. The parties shall be responsible for adhering to such additional codes/policies as may be applicable to them.

## CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

### **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. scrutinize 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. act within their 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.

#### **IV. Manner of appointment:**

1. 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.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. 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 fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalized 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.
- 5. 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.
- 6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

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

**VI. Resignation or removal:**

- 1. 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.
- 2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- 3. 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.

**VII. Separate meetings:**

- 1. The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- 2. All the independent directors of the company shall strive to be present at such meeting;
- 3. 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.

**VIII. Evaluation mechanism:**

- 1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2. 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.

**PPAP AUTOMOTIVE LIMITED**

**FORM OF ACKNOWLEDGMENT OF RECEIPT AND UNDERSTANDING OF CODE OF CONDUCT AND ETHICS  
FOR EMPLOYEES**

I have received and read the Company's Code of Conduct and Ethics. I understand the standards and policies contained in the Company Code of Conduct and Ethics and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to follow the values of the Company in all that I do and comply with the Company Code of Conduct and Ethics.

If I have questions concerning the meaning or application of the Company Code of Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager, the Human Resources Department or the Corporate Governance Department, knowing that my questions or reports to these sources will be maintained in confidence.

Signature: .....

Name: .....

Designation: .....

Employee Code: .....

Date: .....

Place: .....

PPAP AUTOMOTIVE LIMITED

**FORM OF ACKNOWLEDGMENT OF RECEIPT AND UNDERSTANDING OF CODE OF CONDUCT AND ETHICS FOR BOARD MEMBERS**

I ....., Director of the Company, have received and read the Company's Code of Conduct and Ethics. I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

Signature :.....

Name :.....

Designation :.....

Employee Code : .....

Date :.....

Place :.....

PPAP AUTOMOTIVE LIMITED

**ANNUAL COMPLIANCE CERTIFICATE FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

I, [name of the employee], [designation], do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the provisions of the Code of Conduct and Ethics during the financial year ending 31st March .. .....

Signature :.....

Name :.....

Designation :.....

Employee Code : .....

Date :.....

Place :.....