

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS

1. INTRODUCTION

1.1 This Code of Conduct (“this Code”) shall be called "The Code of Conduct for Board Members" of NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED (NEEPCO) hereinafter referred to as “the Company”.

1.2 This code is in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

1.3 The Company currently has Conduct, Discipline & Appeal Rules (“CDA Rules”), which govern the conduct of all permanent employees of the Company including Whole-time Directors but excluding Non Whole-time Directors and those governed by the Standing Orders under the Industrial Employment (Standing Orders) Act, 1946. This Code for Board Members has now been framed specifically in compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises 2007 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises of the Government of India. In respect of Whole-time Directors this Code is to be read in conjunction with the CDA Rules.

1.4 It shall come into force with effect from the 1st day of April 2009

2. DEFINITIONS AND INTERPRETATION

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

2.1 The term “Board / Board of Directors” shall mean the Board of Directors of the Company.

2.2 The term “Board Members” shall mean the Members on the Board of Directors of the Company.

2.3 The term “Whole-time Directors” shall mean the Board Members who are in whole -time employment of the Company.

2.4 The term “Non-Whole-time Directors” shall mean the Board Members who are Part-time Directors and not in whole time employment of the Company.

2.5 The term “Relative” shall mean ‘relative’ as defined in Section 2 (77) of the Companies Act, 2013 read with the rule 4 of the Companies (Specification of Definition Details) Rules, 2014 and as may be amended from time to time.

2.6 The term “Conflict of Interest” means where the interests or benefits of one person or entity conflict with the interests or benefits of the company.

3. APPLICABILITY

This Code shall be applicable to the following persons:

- a) All Whole-time Directors.
- b) All Non Whole-time Directors unless specifically exempted from some provisions of this Code.

4. KEY REQUIREMENTS

Board Members shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- i) Shall act with utmost care, skill, diligence and integrity.
- ii) Shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised.
- iii) Shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his opinion is likely to arise. Shall make disclosures to the Board relating to all material financial and commercial transactions, if any, where they have personal interest, that may have a potential conflict with the interest of the company at large.
- iv) Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law.
- v) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.
- vi) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members/ Company.
- vii) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
- viii) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
- ix) Shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company.
- x) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders. Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and

are not considered as confidential, in his official capacity or in due performance of the duties assigned to him.

xi) Shall not commit any offence involving moral turpitude.

5. COMPLIANCE OF LAW

The Board Members shall comply with all laws, rules and regulations relating to the business of the Company.

6. OTHER DIRECTORSHIPS

Unless specifically permitted by the Board, the Board Members shall not serve as Director of any other Company or as Partner of a Firm that is engaged in a business competing with the Company or with which the Company has business relations. This clause is not applicable to Ex-officio Government Nominee Directors.

The Board Members shall not accept any appointment or post, whether advisory or administrative, in any company or firm, whether Indian or Foreign, having competitive nature of business (other than (i) Joint Venture Companies with management control vested in NEEPCO and (ii) Subsidiary Companies of NEEPCO) or with which the Company has or had business relations, within two years from the date of cessation of Directorship/service of the Company unless approved by the Government in case of Whole-time Directors, Board of Directors in case of Non Whole-time Directors.

7. PREVENTION OF INSIDER TRADING

The Board Members shall comply with the Code of Internal Procedures and conduct for prevention of Insider Trading in dealing with securities of the Company.

8. CORPORATE DISCLOSURE PRACTICES

No person except the Authorised Spokesperson shall disclose any information relating to the Company's Securities to analysts / research persons and institutional investors. The Board Members shall comply with the Code of Corporate Disclosure Practices

9. RELATED PARTY DISCLOSURES

The Board Members shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix II) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or recodification thereof.

10. CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members have access or which are in their possession, must be considered confidential and held in confidence. No Board Member shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. Provided that Board Members shall be free to disclose such information which is:

- (a) part of the public domain at the time of disclosure; or
- (b) authorised or required to be disclosed pursuant to a decision of the Board or any of its Sub-Committees; or
- (c) required to be disclosed in accordance with applicable laws, rules, regulations, guidelines, or directions from the Ministry of Power.

11. PROTECTION OF ASSETS

The Board Members shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.

12. AMENDMENTS TO THE CODE

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein.

13. PLACEMENT OF THE CODE ON WEBSITE

This Code and any amendment thereto shall be hosted on the website of the Company.

14. ANNUAL COMPLIANCE REPORTING

14.1 All Board Members shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration to this effect signed by the Chairman & Managing Director. A proforma of Annual Compliance Report is at Appendix-III. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director/ Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication to Company Secretary affirming compliance of the Code till the date of his association with NEEPCO.

14.2 The Chairman & Managing Director of the Company and the Whole Time Finance Director or any other person heading the finance function shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

15. ENFORCEMENT OF CODE OF CONDUCT

Each Board Member shall be accountable for fully complying with this Code.

16. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

16.1 In case of breach of this Code by the Non Whole-time Directors, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

16.2 In case of breach of this Code by the Whole-time Directors, the same shall be dealt with in accordance with the CDA Rules of the Company.

17. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Appendix-IV and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this code.

DUTIES OF INDEPENDENT DIRECTORS PURSUANT TO SCHEDULE IV OF COMPANIES ACT, 2013

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) 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.

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List of relatives as per Section 2 (77) of the Companies Act, 2013 read with the rule 4 of the Companies (Specification of Definition Details) Rules, 2014

Meaning of “relative” with reference to any person, means anyone who is related to another, if

- (a) they are members of a Hindu undivided family; or
- (b) they are husband and wife; or
- (c) the one is related to the other in the manner as below:

LIST OF RELATIVES AS PER SECTION 2 (7) OF COMPANIES ACT, 2013

- | | |
|--------------------------------------|---|
| 1. Spouse | : |
| 2. Member of HUF | : |
| 3. Father (including Step father) | : |
| 4. Mother (including Step Mother) | : |
| 5. Son(including Step Son) | : |
| 6. Son's Wife | : |
| 7. Daughter(including step-daughter) | : |
| 8. Daughter 's Husband | : |
| 9. Brother (including Step –Brother) | : |
| 10. Sister (including Step-Sister) | : |

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The Board Members shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:

- (i) the name of the transacting related party;
- (ii) a description of the relationship between the parties;
- (iii) a description of the nature of transactions;
- (iv) volume of the transactions either as an amount or as an appropriate proportion ;
- (v) any other elements of the related party transactions necessary for an understanding of the financial statements.

Signature :.....

Name :.....

DIN:.....

Date :.....

Place :.....

Note: The following are illustrative and not exhaustive list of examples of the related party transactions in respect of which disclosures should be made by Board Members:

- purchases or sales of goods (finished or unfinished) ;
- purchases or sales of fixed assets ;
- rendering or receiving of services ;
- agency arrangements;
- leasing or hire purchase arrangements ;
- transfer of research and development ;
- licence agreements;
- finance (including loans and equity contributions in cash or in kind) ;
- guarantees and collaterals ; and
- management contracts including for deputation of employees.

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ANNUAL COMPLIANCE REPORT*

Ido hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS

Signature :.....

Name :.....

Date :.....

Place :.....

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ACKNOWLEDGEMENT FORM

I, have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature :

Name :

Date :

Place :