

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

CODE OF CONDUCT FOR SENIOR MANAGEMENT PERSONNEL

1. INTRODUCTION

1.1 This Code of Conduct (“this Code”) shall be called "The Code of Conduct for Senior Management Personnel” 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 and those governed by the Standing Orders under the Industrial Employment (Standing Orders) Act, 1946. This Code for Senior Management Personnel 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. 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 “Senior Management Personnel” shall mean employees of the Company who are members of its core management team excluding Board of Directors and would comprise all Executive Directors, General Managers, Heads of Power Projects/ Stations.

2.3 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

2.4 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:

Senior Management Personnel as defined in clause 2.2 of this Code.

4. KEY REQUIREMENTS

The Senior Management Personnel 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 Chairman & Managing Director 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 Chairman & Managing Director 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/ Senior Management Personnel/ 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 Chairman & Managing Director 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 Senior Management Personnel, 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 Senior Management Personnel shall comply with all laws, rules and regulations relating to the business of the Company.

6. OTHER DIRECTORSHIPS

Unless specifically permitted by the Chairman & Managing Director, the Senior Management Personnel 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. Senior Management Personnel shall obtain prior approval of the Chairman & Managing Director of the Company for accepting Directorship of any other company or partnership of a firm. The Senior Management Personnel 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 service of the Company unless approved by the Chairman & Managing Director.

7. PREVENTION OF INSIDER TRADING

The Senior Management Personnel 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 Senior Management Personnel shall comply with the Code of Corporate Disclosure Practices.

9. RELATED PARTY DISCLOSURES

The Senior Management Personnel shall make disclosure of related party transactions to the Chairman & Managing Director 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

Subject to the Code of Corporate Disclosure Practices as may be prevalent in the Company from time to time any information concerning the Company's business, its customers, suppliers, etc. to which the Senior Management Personnel have access or which are in their possession, must be considered confidential and held in confidence. No Senior Management Personnel shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. Provided that Senior Management Personnel 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 Senior Management Personnel 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

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendment thereto shall be hosted on the website of the Company.

14. ANNUAL COMPLIANCE REPORTING

14.1 In terms of Clause 49 of the Listing Agreement, all Senior Management Personnel 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 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 Senior Management Personnel shall be accountable for fully complying with this Code.

16. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code by the Senior Management Personnel, the same shall be dealt with in accordance with the CDA Rules of the Company.

17. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Senior Management Personnel 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.

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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 indicated in Schedule IA.

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

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

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The Senior Management Personnel shall disclose the following, in respect of all transactions with related parties.

- (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 :.....

Designation :.....

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 Senior Management Personnel:

- 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 SENIOR MANAGEMENT PERSONNEL during the financial year ending 31st March_____.

Signature :.....

Name :.....

Designation :.....

Date :.....

Place :.....

*** To be submitted by 30th April each year.**

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ACKNOWLEDGEMENT FORM

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

Signature :

Name :.....

Designation :.....

Date :.....

Place :.....