

**" In law a man is guilty, when he violates the rights of others.**

**In ethics he is guilty if he only thinks of doing so "**

**Immanuel Kant**

# CORPORATE ETHICS POLICY



## **THDC INDIA LIMITED**

**Corporate Personnel, Rishikesh**

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### **PREAMBLE**

Ethics is a set of standards that society places on itself and which help guide behaviour, choices and actions. Ethics is all about the notion of responsibility and accountability. It has been aptly stated that there are seven principles of public life which constitute ethical standards for holding of public office, viz Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

THDCIL's Corporate Ethics Policy aims to provide the Board of Directors, Officers, employees and other representatives of the Corporation as well as customers, suppliers and general public with a statement of the Company's commitment to ethical business conduct and set the standards of ethical business conduct and compliance required in all facets of business operations. This policy is the Company's declaration of the ideals and values under which it will operate. These are based on a Company's attestation that it will operate with solid moral principles. Corporate Ethics Policy aims to maintain the highest standards of ethical business conduct, because ethical behavior is the only means through which sustainable growth can be achieved. The Company is committed to acting as a responsible and ethical citizen of Corporate world. The Vision statement also states the aspiration of the Company to be a major global player in the Power Sector, providing quality, affordable and sustainable power with commitment to environment, ecology and social values and to create work ethos of growth through professionalism and achievement of excellence.

The employees of the Organisation are duty bound by an enforceable Code of Conduct, as laid down in its Conduct, discipline and Appeal Rules or Certified Standing Orders as may be the case. The Code of Conduct of the organization is a set of specific rules designed to outline specific practices and behaviours that are to be encouraged or prohibited. Code of Conduct also lays down guidelines and procedures to be used to determine whether violations of the code occurred and what penalties would be imposed for specific infractions.

The difference between a Code of Conduct and a Code of Ethics is often blurred in day to day usage. The Constitution of the country comprises both the Fundamental Rights as well as the Directive Principles. The Directive Principles of State Policy enshrined in the Constitution are in the form of instructions / guidelines to the Governments at the Centre as well as the States. These principles are not enforceable through courts of law but beacon a fundamental orientation for governance. On the other hand Fundamental rights can be enforced by moving a court of law.

The Code of Ethics sets out basic social and moral principles as guiding philosophy rather than to dictate behavior. The Ethics policy is akin to directive principles enshrined in the Constitution of India, which are not enforceable through a court of law. The ethics policy is however, derived from positive expectations as to how an employee is expected to behave in the work place or away from the work place, so that the image and reputation of the employee as an individual as also the Organization is enhanced. The ethical code in its formal sense is an attempt by the organization to codify its values – a statement of overarching principles defining what is right and what is wrong as a guide to all.

## **1.1 PURPOSE OF ETHICS POLICY**

The purpose of an ethics policy is to emphasize the employee's and consumer's expectations to be treated to fair business practices. This policy will serve to guide business behaviour to ensure that all those who work for the organization observe the highest standard of professional ethics and have a responsibility to contribute to the good governance of THDCIL and to enhance its reputation of probity, integrity and impartiality.

## **1.2 SCOPE**

This Ethics Policy statement shall apply to members of the Board of Directors, employees including those on deputation/lien except those in casual employment, contracting agencies, consultants, suppliers associated in business relationship and other stakeholders. All concerned are expected to observe the highest standards of ethical conduct, consistent with the values of integrity, impartiality and discretion. In the performance of duties, employees are expected to act with exclusive loyalty to THDCIL, and to its objectives, purposes and principles.

### **1.3 COMMITMENT TO ETHICAL STANDARDS**

THDCIL upholds the importance of a fair and transparent approach in everything it does by adopting the highest standards of professionalism, honesty, integrity and ethical behavior in all its business processes and transactions. Committed to following the principles of fair practice and business ethics to the core, THDCIL has adopted the Corporate Ethics Policy which lays down the principles and standards that should govern the actions of the Company and the employees.

## **2.0 PRINCIPLES & STANDARDS OF CORPORATE ETHICS**

### **2.1 HONESTY & INTEGRITY**

Every employee of the Company is required to conduct himself in such a manner as to maintain and enhance the reputation of the Company by adhering to the highest moral, ethical and legal standards. Every employee shall strive to uphold and enhance dignity, honour and integrity at personal as well as professional level. Every employee shall be honest and honorable in all dealings with other employees, the public, stakeholders, customers, suppliers, competitors, and Government authorities. Employees must not engage in conduct or activity that may raise questions as to the Company's honesty, impartiality, or reputation or otherwise cause embarrassment to the Company.

THDCIL respects the privacy of its employees and does not wish to interfere with their personal life and behavior outside the work place. However, the status of an individual's employment has an important role in defining the standing of an individual in society. The vice versa is also true in as much as individual employee's conduct outside work place may impact the reputation of employer. A number of employees reside in staff quarters owned and maintained by the Company or in private accommodation leased by the Company. Employees and their family members are expected to conduct themselves decently and respectably. It is also important to keep in mind that THDC is a government Company and an instrument of state. The employees of THDC are public servants in the eyes of law. A much higher standard of probity and accountability is required to be adhered to while dealing with public finances. As such employment with a reputed CPSU carries certain obligations as regards conduct, both at work and elsewhere. The employees of THDCIL are required to observe and abide by local laws of the respective countries whenever they are deputed abroad in connection with official works.

## **2.2 IMPARTIALITY**

Employees of Company are expected to act with impartiality. The employees of THDC as public servants have absolute freedom to independently and impartially articulate their views in the official files and contribute inputs into decision making process. An employee involved in a decision process is expected to record frankly his views, even if it is opposed to the views of others involved in decision process. Once a decision is taken by competent authority, it is expected that all concerned should faithfully and unitedly strive to smoothly execute the decision. The employees should take care that their expression of personal views and convictions does not compromise or appear to compromise the performance of the official duties or the interests of the Company. The conduct of the employees at all times must be characterized by objectivity and professionalism and remain faithful to the applicable policies, rules and regulations. The employees should not allow personal relationships, extraneous considerations, prejudices, bias or favoritism, to influence the performance of official duties and avoid situations that create a conflict of interests.

## **2.3 EMPLOYEE RELATIONS**

Employees of the Company should treat their colleagues, whether seniors, peers, or subordinates, with courtesy and respect, without harassment or physical or verbal abuse. Employees should at all times avoid behavior at the work place that although not rising to the level of harassment or abuse, may nonetheless create an atmosphere of hostility and intimidation.

Employees will not discriminate against any Company employee on the basis of race, color, religion, caste, creed, gender, language, place of origin, age, disability, veteran status and marital status.

Employees should be sensitive to the rights of all employees to work in an environment free from all aspects of illegal discrimination, including an environment free from all forms of illegal harassment. Any form of harassment undermines the Company's insistence upon employee integrity, and will be a serious misconduct. All employees have a responsibility to maintain the workplace free of harassment and to report such misconduct when it occurs, just as any form of unlawful discrimination should be reported.

THDCIL is committed to a policy of equal opportunity for all employees without regard to race, colour, religion, caste, creed, gender, language, place of origin, age and disability. THDCIL shall provide growth and development through appraisal, counseling, training programmes and on-the-job experience. The Company is committed to deal fairly and equitably with each employee. Where employees have chosen to be represented by labour unions, THDCIL will negotiate in good faith with the unions through their representatives - elected or chosen otherwise.

## **2.4 PRESS RELATIONS, PUBLIC STATEMENTS AND PUBLICATIONS**

The employees of the Company should not, without authorization, interact with the news media, public or make public statements relating to the policies or activities of the Company.

## **2.5 EQUAL OPPORTUNITY**

Subject to applicable laws, rules and policies, the Company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, gender, age, place of birth/domicile, ethnic origin or disability.

Human resource policies shall promote diversity and equality in the workplace, as well as compliance with all labour laws, while encouraging the adoption of best international practices.

## **2.6 POLITICAL NON-ALIGNMENT, CONTRIBUTIONS & INVOLVEMENTS**

The Company shall be committed to and support the constitution, laws and governance systems of the country.

The Company shall not support any specific political party or candidate for political office. The Company's conduct shall preclude any activity that could be interpreted as mutual dependence / favour with any political body or person, and shall not offer or give any Company funds or property as donations to any political party, candidate or campaign.

As citizens of India, employees of THDCIL are entitled to vote in elections to Parliament, Legislatures and Local Bodies. However as public servants employees of THDC are required to maintain political neutrality and are not allowed to take membership nor participate in activities of political parties. No political contribution shall be made on behalf of THDCIL either directly or indirectly.

## **2.7 HEALTH, SAFETY AND ENVIRONMENT**

The Company shall strive to provide a safe, healthy, clean and ergonomic working environment for its people. It shall prevent the wasteful use of natural resources and be committed to improving the environment, particularly with regard to the emission of greenhouse gases, and shall endeavour to offset the effect of climate change in all spheres of its activities.

## **2.8 CORPORATE CITIZENSHIP**

The Company shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The Company shall encourage volunteering by its employees and collaboration with community groups.

## **2.9 HUMAN RIGHTS**

Every employee of the Company shall preserve the human rights of every individual and the community, and shall strive to honour commitments.

## **2.10 LOYALTY TO COMPANY**

Employees of the Company owe a duty of loyalty to the Company and its stakeholders. The duty of loyalty includes both a duty to protect the interests of the Company and an obligation to refrain from conduct that would injure the business and reputation of the Company and its stakeholders.

## **2.11 NO EXCUSE**

Employees of the Company are expected to avoid excuse, escapism and tendency to pass blame onto others for their own lapses. When an employee is assigned a task or commits to do a work, he must do it within the time frame. It would be irresponsibility if any employee passes on his/her work to somebody else and simply forgets about it without taking care, whether it was ultimately carried out or not. Employee should mind his own work and should not interfere in the work for which another employee is responsible. Employee should refrain from gossip and loose talk in respect of other employees. Employees are expected to be cautious about such attitude, which may seriously affect the morale and reputation of the organization.

## **2.12 SPEAK ALOUD**

The employees of the Company are expected to report if anything wrong is happening in the organization under the Whistle Blower Policy. Gossiping about the organisation, in whispers, should be discouraged.

## **2.13 CONFLICT OF INTEREST**

The term "Conflict of Interest" describes any circumstance that could cast doubt upon an employee's ability to act with total objectivity regarding the Company's interests. Employee should avoid situations in which there is, or may seem to be, a conflict between the personal interests of the associate and the interests of the Company. Company Representatives shall not allow any consideration such as receipts of gifts, or financial interests in other businesses or personal or family relationships to interfere with the independent exercise of his or her business judgment and work activities to the benefit of the Company. Employee shall not benefit from any purchase of goods or services for the Company or derive any personal gain from transactions made on behalf of the Company. If an employee becomes aware of a potential conflict of interest he or she must communicate such potential conflict of interest to the Company.

## **2.14 ENTERTAINMENT & GIFTS**

No employee shall accept a gift, entertainment, or any other benefit from an individual or organization doing business with THDCIL if gift, entertainment or benefit could influence employee's decision or if made public, might appear to have influenced employee's business decision. No gift may be solicited or accepted from any supplier, customer or competitor or any other entity that does business with the Company either directly or indirectly. Any gift offered or received whether in cash or equivalent of monetary value exceeding the limit permissible under existing rules must be reported. In considering whether a gift is of "excessive value", the Company will inter-alia consider the value of the gift as well as the job responsibilities and annual compensation of the gift recipient.

## **2.15 USE OF POSITION IN COMPANY FOR PERSONAL PURPOSES**

The employee should not use his official position in the Company to obtain any support for activities in which he/she may be involved in a personal capacity, including those of a non-commercial nature, e.g. cultural, literary, charity etc., from anyone with whom the Company has business dealings; nor should he/she use the official position, time or resources to pursue such activities, even if these may be desirable activities per se.

## **2.16 CONCURRENT DIRECTORSHIP OR EMPLOYMENT**

No employee should accept any directorship or any employment, assignment or position of responsibility, including consultancy or freelance work, irrespective of whether it is with or without remuneration, in any other Company or organization without specific approval.

## **2.17 BRIBERY**

Bribery in any form is forbidden in the conduct of the business of the Company. No Company funds are to be used, directly or indirectly, for any bribe, kickback or other unlawful payment. No outside consultant, attorney, accountant or agent of any other nature may be used or employed in any manner that would be contrary to Company's interest. Fees, commissions and expenses paid to agents should be based upon reasonable standards for the services rendered. Every employee shall demonstrate the highest standards of personal integrity, truthfulness, honesty in all activities in order to inspire confidence and trust.

## **2.18 CORPORATE OPPORTUNITIES**

Employees are prohibited from taking for themselves personally opportunities that are discovered through the use of Company property, information or position, using Company property, information or position for personal gain and competing with the Company. Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## **2.19 CONFIDENTIALITY OF COMPANY RELATED INFORMATION**

Subject to the Code of Corporate Disclosure Practices or any other relevant policy/instructions on disclosures to outside parties that may be prescribed in the Company, information regarding the Company's business should be treated as confidential and should not be shared with anyone within and outside the Company, formally or informally, unless authorised to do so, and only to those authorized to receive it, with suitable safeguards as feasible, to prevent misuse of the information.

Information and data relating to, but not limited to, areas like financial performance and results, asset revaluations, investment plans/decisions, business strategies, marketing plans, sales or contracts, customer lists and details, proprietary, pricing or costing data etc. should be treated as confidential and not disclosed without proper authorization, while the employee is in service and even subsequently.

In situations where the performance of a specific job inherently requires sharing of information, including that of otherwise confidential nature (for example with Auditors, Board committees, Regulators, etc.), or where certain information needs to be provided under the law, regulations or in the course of any official enquiry/query, or in similar situations, appropriate authorization should be obtained.

Even in situations where some information relating to the Company's business may be in public domain, its disclosure or elaboration should be done only by specifically authorized persons and within the bounds of the Company's policies and guidelines.

The confidentiality of information pertaining to other entities with which the Company has business dealings should also be equally respected and protected.

## **2.20 CORPORATE HOSPITALITY**

Hospitality towards public officials and those with whom the Company does business is both proper and appropriate, as long as it does not exceed common courtesy and is not of such magnitude as to suggest the compromise of the parties with whom THDCIL is dealing. No gift or entertainment may be tendered that would exceed reasonable standards.

## **2.21 PROTECTION AND PROPER USE OF COMPANY ASSETS**

Employees must guard against any misuse or waste of the Company's assets. Employees must refrain from the use of Company property for personal use other than on an incidental basis. All employees should protect the Company's assets and ensure their efficient use. All Company assets should be used for legitimate business purposes.

## **2.22 FAIR DEALING**

Employees should endeavor to deal fairly and honestly with the Company's customers, suppliers, competitors and employees and should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

## **2.23 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS OF GOVERNMENTAL BODIES AND AGENCIES**

It is expected that all employees would study and familiarize themselves with laws, regulations and guidelines/standards issued by regulators that are relevant to their work, and ensure that they are complied with where they are responsible for doing so on behalf of the Company or/and in their personal capacity.

They should also be familiar with the policies; rules etc. of the Company, and follow them as a matter of course.

## **2.24 MAINTENANCE OF ACCURATE AND COMPLETE BOOKS AND RECORDS; FINANCIAL REPORTING**

Every Company representative has an obligation to maintain accurate and complete books and records in accordance with the Company's Standard Accounting Policies. No false or misleading entries may be made on the Company's books and records and no documents shall be signed without proper authorization. No funds or assets may be used or maintained by the Company for any illegal purpose. All transactions shall be fully and completely documented and recorded in the Company's accounting records. Company Representatives shall take all reasonable action within the scope of their responsibilities to promote full, fair, accurate, timely, and understandable disclosure in reports and documents. Company Representatives shall not knowingly misrepresent or conceal with intent to mislead, or cause others to misrepresent or conceal with intent to mislead, material facts concerning the Company.

Company Representatives must refrain from presenting a misleading picture of the Company's financial condition or results. They must promptly report to the Audit Committee any significant or material deficiencies or weaknesses in the operation of the Company's internal controls over financial reporting, and also shall report to the audit committee any information indicating that a material violation of generally accepted accounting principles or any illegal financial or accounting practices has or may have occurred, cooperate fully with the Company's internal audit department, internal legal staff or any governmental authority and refrain from improperly influencing or attempting to coerce, manipulate, mislead or fraudulently influence the activities of the internal audit department or any audit conducted by the Company's independent auditors.

## **2.25 ENVIRONMENT AND CSR**

THDCIL is committed to safeguard, preserve and protect human life & environment and minimize the effects of its operations on the natural environment. THDCIL endeavours to meet all regulatory and industry standards by implementing appropriate measures for the assessment of potential environmental effects, for the prevention of these potential effects and for appropriate response to any incidents that might occur.

THDCIL shall use the most effective way of addressing the R&R issues through proactive approach and appropriate planning on land acquisition and shall endeavor to implement R&R policy within specified time and with a consensual approach with co-operation and participation of all stakeholders. The implementation of R&R activities will be carried out with commitment to total quality.

THDCIL is committed for fulfillment of its social obligation under Corporate Social Responsibility. The Corporation has formulated a CSR policy giving immense importance to community development in the area of operating stations with particular focus on women, children, disabled persons and senior citizens as well as explores and works in various domains of community development such as Health, Education, Drinking Water, peripheral development etc. The formation of SEWA (Society for Empowerment and Welfare Activities), a Company sponsored NGO further shows THDCIL's commitment and seriousness towards CSR activities.

## **2.26 COMPLIANCE WITH THDCIL VISION & MISSION**

Every employee shall strive to accomplish Company's Vision & Mission in a professional manner. It is the duty of employees to serve with respect, concern, courtesy and responsiveness in carrying out the Organisation's mission. Employees shall strive for personal and professional excellence and encourage the professional development of others. The Vision and Mission of the Corporation should be diligently pursued and endeavor shall be made to realise the same through utmost devotion to duty.

## **3.0 IMPORTANCE OF COMPLIANCE WITH THESE POLICIES**

Every employee shall sincerely and solemnly endeavour to comply and adhere to the policies set forth above. Employees should feel free to report what they believe in good faith to be, violations of this Ethics Policy Statement without fear of retaliation. Failure to comply with the Ethics Policy may not only harm the Company, but may render the employee liable for appropriate action in terms of applicable rules.