

# **Code of Conduct for Directors and Members of Senior Management**

## **Preface**

This Code of Ethics / Conduct intends to ensure adherence to highest business and ethical standards while conducting the business of the Company and compliance with the legal and regulatory requirements, including compliance of rules and regulations framed by the Securities and Exchange Board of India (SEBI) and other statutory and regulatory authorities. The Company values the ethical business standards very highly and intends adherence thereto in every segment of its business.

## **Applicability**

This code of conduct shall apply to the directors and members of the senior management of Systematix Corporate Services Limited (referred to hereinafter 'the Company'). For this code, members of the senior management (hereinafter referred to as 'senior managers') shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and persons identified and designated as key managerial personnel, other than the board of directors of the Company.

Directors and senior managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment. Directors and senior managers shall be governed by the rules and regulations of the company as are made applicable to them from time to time. Directors and senior managers shall affirm compliance with this code on an annual basis as at the end of each financial year.

**Code of conduct:**

1. to act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct in the discharge of duties and promote professionalism in the Company;
2. to observe and guide the Company in maintaining highest degree of Corporate Governance;
3. to stay abreast of the affairs of the Company and be kept informed of the Company's compliance with relevant laws, rules and regulations;
4. to exercise independent judgment on issue of strategy, performance, policy matters, etc.;
5. to maintain confidentiality of the Company's business;
6. to observe the Code of Conduct for Prevention of Insider Trading and to strictly abide with all disclosure norms prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time;
7. to 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;
8. to avoid, in his official capacity, from entering into business with (a) a relative or (b) a private limited company in which he or his relative is a member or a director or (c) a public limited company in which he or his relative hold 2% or more of the 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. The term 'relative' shall mean 'relative' as defined in Section 2 (77) of the Companies Act, 2013.
9. to avoid having any personal and/or financial interest in any business dealing concerning the Company;

10. to 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;
11. not to hold any position or job or engage in outside business that is prejudicial to the interests of the Company;
12. not to 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 allows him to avail such opportunity that is perceived as intended, directly or indirectly to influence any business decision;
13. not to seek or accept, directly or indirectly, any gift from anyone having business dealings with the Company;
14. not to 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;
15. not to commit any offence involving moral turpitude; and to act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct in the discharge of duties and promote professionalism in the Company;
16. to observe and guide the Company in maintaining highest degree of Corporate Governance;
17. to stay abreast of the affairs of the Company and be kept informed of the Company's compliance with relevant laws, rules and regulations;
18. Directors and senior managers shall ensure that they use the company's assets, properties and services for official purposes only or as per the terms of appointment.

19. Directors and senior managers shall not receive directly or indirectly any benefit from the Company's business associates, which is intended or can be perceived as being given to gain favor for dealing with the company.
20. Directors and senior managers shall ensure the security of all confidential information available to them in the course of their duties.
21. No director or senior manager, other than the designated spokespersons shall engage with any member of press and media in matters concerning the company. In such cases, they should direct the request to the designated spokespersons.
22. Directors and senior managers shall not engage in any material business relationship or activity, which conflicts with their duties towards the company.
23. Senior managers shall not, without the prior approval of the managing director of the company, accept employment or a position of responsibility with any organization for remuneration or otherwise.
24. The Code shall be reviewed from time to time for updation thereof. Any variation in the Code or any waivers from the provisions of the Code shall be approved by the Board and shall be disclosed on the Company's website.
25. The Board shall have the powers to take necessary action in case of any violation of the code.

#### **Code for Independent Directors:**

The Independent Directors, in addition to compliance with this Code, shall also comply with and adhere to the Code for Independent Directors framed in accordance with the Schedule IV of the Companies Act, 2013 and forming part of this Code and enclosed as “**Annexure – I**”.

#### **Amendments to the Code:**

The Board shall review and may amend this code from time to time.

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## **ANNEXURE 1**

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 the confidence of the investment community, particularly minority shareholders, regulators, and companies in the institution of independent Directors.

### **1. GUIDELINES OF PROFESSIONAL CONDUCT:**

- 1.1. An independent director shall:
  - 1.1.1. uphold ethical standards of integrity and probity;
  - 1.1.2. act objectively and constructively while exercising his duties;
  - 1.1.3. exercise his responsibilities in a bona fide manner in the interest of the company;
  - 1.1.4. devote sufficient time and attention to his professional obligations for informed and balanced decision-making;
  - 1.1.5. 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;
  - 1.1.6. 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;
  - 1.1.7. refrain from any action that would lead to loss of his independence;
  - 1.1.8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
  - 1.1.9. assist the company in implementing the best corporate governance practices.

## **2. ROLE AND FUNCTIONS:**

### **2.1. The independent Directors shall:**

- 2.1.1. 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;
- 2.1.2. bring an objective view in the evaluation of the performance of board and management;
- 2.1.3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 2.1.4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 2.1.5. safeguard the interests of all stakeholders, particularly the minority shareholders;
- 2.1.6. balance the conflicting interest of the stakeholders;
- 2.1.7. 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;
- 2.1.8. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **3. DUTIES:**

**3.1. The independent directors shall:**

- 3.1.1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 3.1.2. 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;
- 3.1.3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 3.1.4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 3.1.5. strive to attend the general meetings of the Company;
- 3.1.6. 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;
- 3.1.7. keep themselves well informed about the company and the external environment in which it operates;
- 3.1.8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 3.1.9. 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;
- 3.1.10. 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;

- 3.1.11. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code or ethics policy;
- 3.1.12. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its Employees;
- 3.1.13. 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:**

- 4.1. 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.
- 4.2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 4.3. 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.
- 4.4. The appointment of independent Directors shall be formalised through a letter of appointment, which shall set out :
  - 4.4.1. the term of appointment;



- 4.4.2. 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;
  - 4.4.3. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - 4.4.4. provision for Directors and Officers (D and O) insurance, if any;
  - 4.4.5. the Code of Business Ethics that the company expects its Directors and employees to follow;
  - 4.4.6. the list of actions that a director should not do while functioning as such in the company; and
  - 4.4.7. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- 4.5. 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.
- 4.6. 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 an independent director shall be on the basis of the report of performance evaluation.

## **6. RESIGNATION OR REMOVAL:**

- 6.1. 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.

- 6.2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within 3 [“three months”] from the date of such resignation or removal, as the case may be.
- 6.3. 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.

## **7. SEPARATE MEETINGS:**

- 7.1. 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;
- 7.2. All the independent Directors of the company shall strive to be present at such meeting;
- 7.3. The meeting shall:
  - 7.3.1. review the performance of non-independent Directors and the Board as a whole;
  - 7.3.2. review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;
  - 7.3.3. 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:**

- 8..1. The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 8..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.