

Policy on Standards of Business Conduct

1. Introduction

This Policy on Standards of Business Conduct (herein after referred to as Code) adopted by AUTOMOTIVE AXLES LIMITED (AAL/Company), lays down “Standards for Conduct” that define the Company’s value system and business practices and represents long cherished values of the Company.

The Code provides guidance to employees in recognizing and dealing with important business, legal and ethical issues and fosters a culture of honesty, loyalty and accountability.

2. Objective

The main object of this Code is to promote ethical conduct and ensure efficient compliance with all legal requirements and other standards of business conduct & service rules and regulations.

All employees are expected to read and understand this Code of Conduct and Ethics and endeavor to achieve the aims of AAL and the goals agreed for their work while complying with the Code in its letter and spirit. In principle, failure to comply with this Code can result in an investigation with, in applicable cases, consequences in employment law upto and including termination and may also lead to civil/Criminal action/s and prosecution.

As the principles and standards laid down in this Code are general in nature, and it is not possible to put within its ambit every possible issue that may arise or every situation where standards of business conduct are required to be complied with. The principles and standards described in this policy are the fundamental principles to guide and direct the employees and the Business Processes. Employees should have full understanding on this policy and expected to follow in dealing with all business transactions.

This Code of Conduct and Ethics is subject to modification. It may be updated as and when needed and notified.

3. Scope / Applicability of this Code

This Code is applicable to all AAL Employees including Executive Director(s) within all sectors, regions, areas and functions in India.

The reference to ‘Employee’ shall mean and include

- (a) Employees
- (b) Consultants/Advisors, Retainers, Agents, Representatives etc. to the extent applicable.



4. Compliance with this Code

Employees are committed to the highest level of ethical conduct and it should be reflected in all business activities of the Company. Employees must respect and adhere to these practices. These practices have various legal and regulatory consequences. The violation of the same would create significant liability for the Company and its Directors and employees. It will be Employee responsibility to enforce this Code of Conduct and Ethics.

5. Knowledge of Applicable Laws

Each employee must acquire appropriate knowledge of the requirements regarding his or her duties sufficient to enable him or her to comply with the provisions of all applicable laws, rules, regulations and any other statutory orders.

6. Conflict of Interest

6.1 A conflict of interest exists where the interests or benefits of any employee conflict with the interest or benefit of the Company and/or other group Companies.

Our employees are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. The honest conduct would be a conduct that is free from fraud or deception. The ethical conduct would be a conduct conforming to the accepted professional standards of conduct.

Employees must remain loyal to the Company in their personal conduct. Specifically, this means employees:

- a) Must avoid situations in which their personal or financial interests conflict with those of the Company and/or other companies of the Group.
- b) Must not pursue any interest of their own within the context of doing their jobs that conflict with the interests of the Company and/or other companies of the Group.
- c) Must not directly or indirectly exploit any business opportunity available to the Company and/or the other companies of the Group for their own benefit, or for the benefit of persons or companies outside of the Company and/or the Group Companies or any other external agencies with which they are connected.
- d) During continuation of his/her employment, Employee shall not undertake or carry on either alone or in partnership, either directly or indirectly employed as Principal Agent, Clerk, Assistant, Servant or otherwise in any other business, trade or profession or to any person to be



KALYANI



a legal entity or public authority or to be occupied in your own business whatsoever with or without pay without the written prior permission of the company. Employee will devote their whole time attention to their duties / the business of the company and endeavor to promote it's interest and welfare. Employee shall maintain absolute integrity, devotion to duty and do nothing which is detrimental to the company.

e) Prior to an employee holding any other employment or any member of the employee's immediate relative entering into any financial relationship or accepting any benefit from AAL or any business interest with AAL, the employee must submit to his or her department head a detailed written disclosure of the proposed relationship, other employment or other business details. The disclosure shall include:

1. the name and relationships of the individual entering into the relationship or activity;
2. the nature of the activity or relationship;
3. the relationship between the outside entity and the employee;
4. any benefits to be gained by the employee or employee's immediate relative; and
5. a description of how the employee will ensure separation of interests between the commitment to the outside entity and to the employee.

f) The employee's department head shall review the information provided and request any additional information, which may be considered pertinent. Indicating whether he/she believes that a conflict of interest may be present, the department head shall forward the written disclosure to the Whole time Director & HOD of Finance for final determination and approval of the proposed activity.

6.2 Every Employee shall disclose if he/she is related to any employee in the Company. The placement of closely related employees shall be such that it shall not be prejudicial to the interests of the Company.

Explanation :

1. Conflict of interests is a situation in which there is a divergence between the employee's private interests and the employee's professional obligations to the company (i.e., the public interest) such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise.
2. **Relative or Related employee** with respect to a person under this policy means, his/her spouse, father, mother, Spouse's father, Spouse's mother, son, son's wife, daughter, daughter's husband, Brother, Sister, Spouse's Brother & Spouse's Sister.



7. Protection and Use of the Company's Assets & resources.

- 7.1 All employees are responsible for protecting and for appropriate use of the assets including intangible assets of the Company. Employees must safeguard the assets of the Company against loss, damage, misuse or theft. Any violation of this aspect of the Code will subject to the disciplinary action mentioned in this Code. The assets of the Company including vehicles, spares and supplies, equipment, stationery, funds, brand and logo of the Company, hardware and software and all other electronic communication devices, must be utilized for exclusive business purposes of the Company.
- 7.2 If during the course of employment with the Company, employees either wholly or partly discover/invent and/or make improvements in plants, machinery, process or other things used or may be used in the production or business of the Company, the same will be deemed to have been made, invented, suggested or acquired on behalf of and for the benefit of the Company alone and all rights, privileges and titles will rest exclusively with the Company.

8. Protection of Confidential Information

- 8.1 The Company Confidential Information is a valuable asset to the Company. The confidential information shall mean and include information in written, oral, visual and/or physical/electronic form without limitation, information regarding the Company's actual or proposed business, historical or projected technical/ operational, administration, economy, planning, business, financial information, budgets, services, products, trade secrets, marketing techniques, plans and materials, processes, operations, formula, methods, flow diagrams, documentations, procedures, computer programs and software in any stage of development, product specifications, know-how, compositions inventions, discoveries, sketches, design, drawings, blue-prints, plan-layouts, reports, manuals, correspondence, samples, formats, analysis, strategies, forecasts, R&D plans, concepts, ideas, models, data product plans and architectures, source codes, object code, contracts, customer names and lists of existing and potential customers, drawings/other confidential information of customers, dealers, suppliers, information of employees, price lists, pricing policies and any non-public information that might be useful to the competitors of the Company, intellectual properties, business objects and strategies, pricing information and any other vital financial, commercial and legal information and statistics in general. All confidential information must be used for the purposes of the Company. All employees of the Company must respect the proprietary information including the intellectual rights of other companies and concerns.
- 8.2 Employees must not pass any Company documents and information identified or identifiable as confidential to customers, vendors, partners or to a third party, or in any way make them available outside the Company.



- 8.3 Employees must use suitable and appropriate measures to ensure that confidential and protected information does not fall into the hands of unauthorized parties, internally or externally.
- 8.4 All identified employees shall sign a Confidentiality /Non-disclosure agreement as a condition/corollary of their employment contract with the Company.
- 8.5 The obligation to safeguard the proprietary and confidential information continues to exist even after leaving the employment of the Company. Each of us has liability to return all corporate confidential information in possession while leaving the Company.
- 8.6 Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, including termination of employment and legal action as mentioned in this Code, even if they do not actually benefit from the disclosed information.

9. E-Mail / Internet Policy

- 9.1 All Company supplied computer systems, including computer hardware and software programs , and Company related proprietary, confidential, or privileged information, are the exclusive property of the Company and not the employee's. These systems, including the Internet and Email, should be used for Company business only and should not be used to transmit unsecured Company-related proprietary confidential, or privileged information outside the Company, without proper business purpose and appropriate security measures. If employees have any questions concerning the sensitivity, confidential classification, and/or protection of Company information, they should first speak to their Superior and obtain formal approval from Head of the Department & Head of Department IT, before transmitting information outside the Company. The Company has the right to monitor any employee's Email and Internet usage. Any violation of this clause will leads to disciplinary actions as per clause no. 21.

The following acts will be considered as misconduct under this policy/IT Act 2000:-

1. Hacking/unauthorized access with computer system
2. Software piracy
3. Sending offensive messages through communication service
4. Identity theft
5. Cheating by personating by using computer resource or any communication device
6. Violation of privacy
7. Cyber terrorism
8. Publishing or transmitting material containing "sexually explicit act including children."



9. Attempt to commit offences.
10. Unauthorized use of the electronic signature, password or any other unique identification feature of any other person.
11. Transferring proprietary confidential information through external storage device
12. Use of company's emails ids and internet connections for personal usage.

10. Protecting Environment and Employee Health and Safety

- 10.1 It is the Company's policy to protect the environment, safeguard the health and safety of employees and all stakeholders with in the company premises. The Company conducts its operations so as to avoid or minimize any possible adverse impact on the environment, employees and all stakeholders with in the company premises and expects all employees to obey those Laws, Rules & Regulations that are designed to protect the environment and their health and safety.
- 10.2 All employees are expected to notify their superior, The Unit/Functional Head, Head of Human Resources if they observe conduct which violates, or is likely to violate, environmental, health or safety requirements including tempering with safety devises/ machines/ equipment etc. installed within the Company premises.
- 10.3 Failure to conduct operations properly can have serious and damaging consequences for our employees, neighborhoods, customers and shareowners. The potential risk of even minimal exposure to various substances has focused public and political attention on environmental issues. Central/State Governments have established strict standards for the storage, use, treatment and disposal of a wide variety of materials. AAL has pledged to ensure that our company, employees and communities are not exposed to risks that may result from violating these laws.

11. Business Lunch/ Dinner and Gifts from/to Third Parties

□ *Business Launch/ Dinner:*

- 11.1 Employees are permitted to occasionally accept offers of Business Lunch/Dinner from current or prospective customers, vendors, competitors, and partners provided it:
 - a) Serves to encourage or improve business relationships and is in the interest of the Company, and
 - b) Does not inappropriately influence any Company decision, and
 - c) Is not unlawful or contrary to ethical principles, and
 - d) Is consistent with business customs in the country concerned.

□ *Gifts from Third Parties:*

- 11.2 Employees and their relations, life companions, and other people with whom they have a close personal connection must not accept any gift in kind, payment, loan,



vacation, or other privilege from current or prospective customers, vendors, competitors or partners, where accepting the gift, etc., would prejudice Company's business interests.

- 11.3 The value of the gift should not exceed INR 1,500/-.
- 11.4 This rule does not apply to promotional gifts of low value of a customary kind or to payments that are not related to working for Company and that would not be different where the payer is not a customer, vendor, competitor, or a partner of the Company.
- 11.5 Employee should not take or demand bribe, favor or any such remuneration in cash or kind from vendors, competitors, partners/business associates.
- 11.6 An employee shall not offer, give or agree to give any individual or organization a gratitude, benefit or an offer of employment in connection with any normal business activity including procurement/sale activity.

12 Prohibition on Tobacco/Tobacco products/Alcohol / Weapons/Explosive/Hazardous Chemicals.

Employees found to be in possession/usage of tobacco/tobacco products, alcohol, Arms, weapons, Explosives, Hazardous Chemicals and inflammable substance will be prohibited from entering the Company's premises or engaging in Company business. Violations of this Policy are serious and will result in appropriate disciplinary and legal action as mentioned in this Code.

13. Respect and Concern for each other and harassment

- 13.1 Harassment occurring in the work place, or at any company-sponsored social, sporting or business function will not be tolerated. Harassment includes verbal or physical conduct, which may or does offend, criticize unfairly any individual because of or due to race, color, religion, national or ethnic origin, age, gender, sexual orientation, disability or pregnancy.
- 13.2 Furthermore, any retaliation against an individual who has complained about harassment or retaliation against individuals for cooperating with an investigation of a harassment complaint is similarly unlawful and will not be tolerated.
- 13.3 The Company is committed to maintaining a professional work environment and strongly disapproves of all forms of sexual harassment. Company has also framed the Policy for Prevention, Prohibition & Redressal of Sexual Harassment which is available in the website: <http://www.autoaxle.com>



14. Fair Dealing with Customers, Suppliers and Public

Employees must remember that they represent the Company while dealing with customers, suppliers and public. Employees hereby confirm our commitment to build a relationship based upon trust. Each employee must act in such manner so that the members of public will be confident that they will be treated lawfully and in an ethical manner. No one should take unfair advantage through giving misleading information, concealment of facts, misrepresentation of material facts or abusing the non-public privileged information.

All public communications, including press releases and the non- financial portions of the company's Annual Report to Shareowners, be accurate and complete. Such communications must undergo extensive internal review and verification prior to publication.

15. Co-operation with Government Authorities

It is the policy of the Company to cooperate with governmental investigations or enquiries or Court proceedings as the case may be. Accordingly, if employees reasonably believe that a government investigation, enquiry or Court proceedings is in progress, they should fully co-operate with the Company and its officials in communicating the required information/document to the concerned authorities in an ethical, timely & in all possible manner.

16. Prevention of Insider Trading

Our Company has absolutely prohibited the use of Unpublished Price Sensitive Information and any other non-public information for trading in the securities of the Company. The violation of this would result in appropriate disciplinary and legal action.

As a general matter, inside information is any material, nonpublic information concerning a company or its business. Information may be considered "material" if (1) it would likely be considered important to an investor in deciding whether to purchase or sell the Company's securities, or (2) would reasonably be expected to have an impact on the price of the Company's stock if the information were publicly released. For example, inside information might include information relating to proposed acquisitions, important financial data, major new contracts, research projects, the status of a product in the governmental approval process, or significant management changes.

Even after information is publicly released, it should still be considered nonpublic until a sufficient amount of time has passed for the information to become generally available to, and absorbed by, the investing public. While the amount of time that must pass for information to be considered public may vary depending on the circumstances, generally information may be considered to be public 48 hours following its release to the investing public.



KALYANI



Employees are required to consult with the Office of the Company Secretary prior to trading in Company's securities, if they have any questions regarding insider trading or they can also refer code of conduct for Insider Trading and fair disclosure of Unpublished Price Sensitive Information available in the website of the company <http://autoaxle.com>.

17. Use of Social Media:

17.1 The term "social media" is used within this Code to refer to and describe socially interactive forum and communication technologies by which personal or AAL related information or opinions can be presented for public consumption on the internet.

17.2 Employee's use of social media broadly include without limitation blogs, microblogs, message boards, chat rooms, electronic newsletters, online forums, wikis, twitter or other social networking sites that permit users to share information with others in a contemporaneous manner.

17.3 APPLICABLE PRINCIPLES

A. For professional use of social media on behalf of AAL as well as personal use of social media when referencing to AAL:

- a) Employees should be aware and conscious of the effect of their actions on social media on AAL's image.
- b) Employees need to know and adhere to this Code and other AAL policies when using social media in reference to AAL.
- c) AAL may observe and/ or monitor all content and information made available by employees through social media. Employees should use their best judgment in posting any material or information or image so that it is not inappropriate, harmful and/ or offensive to AAL, its employees, or customers.
- d) Social media conduct prohibited for employee is and include posting content, information or image/s that are defamatory, racially offensive, discriminative, pornographic, makes personal attack, proprietary, harassing, libelous, promoting political organization or anything that can create a hostile work environment. Please note that this is not an exhaustive list and may ask Legal Department in case of any doubt.
- e) Not to publish or release any information that is considered confidential to AAL. Be mindful not to disclose confidential and/or proprietary information, and don't post, seek or provide recommendations or referrals by or of other employees, customers or suppliers (current or former) regarding their responsibilities or obligations at AAL, unless you are authorized to do so.
- f) If employees encounter a situation while using social media, that threatens to become antagonistic, employees should disengage from the dialogue in a polite manner and seek the advice of a Legal Department.



- g) Employees should get appropriate permission before referring to or posting images of current or former employees, members, vendors or suppliers.
- h) Employees should get appropriate permission to use a third party's copyrights, copyrighted material, trademarks, service marks or other intellectual property.

- i) Not to comment on or provide information related to AAL's business or any subject matter related to your job responsibilities at AAL in public forums unless you are specifically authorized to do so.

Social media use shouldn't interfere with employee's responsibilities at AAL. AAL's computer systems are to be used for business purposes only. When using AAL's computer systems, use of social media for business purposes is allowed, if authorized through AAL approval system (e.g. Facebook, Twitter, [Company] blogs and LinkedIn), but personal use of social media networks or personal blogging of online content is discouraged and could result in disciplinary action.

Note that nothing in the Code should be interpreted to prevent employees from engaging in activities that are protected under laws and regulations

Subject to applicable law, online activity that violates this policy or any other AAL policy may subject an employee to disciplinary action or termination of employment.

- j) While speaking on Behalf of AAL, be alert to situations in which you may be perceived as someone who is expressing views of or posting for AAL. Don't make any statements on behalf of AAL unless authorized to do so. In case of any doubt, consult with supervisor / Head of the Department.

- k) Employees should keep AAL related social media accounts (if any) separate from personal accounts.

B. For personal use of social media while working as an employee with AAL but not referencing to AAL:

- a) Not to make any statements on social media in support of any offence or illegal activity.

18. Competition and Antitrust

Employees must comply with all applicable laws regulating competition. Agreements between competitors regarding prices or sharing of markets and customers and similar arrangements affecting competition are prohibited under these laws and regulations.

19. Nepotism

No "related employees" are permitted to improperly influence the hiring, work responsibilities, salary, hours, career progress, benefits, termination or other terms and conditions of employment of other "related employees."



AAL has a responsibility to its employees to ensure personnel decisions are based on qualifications, abilities, merit, service and performance and not on personal considerations.

20. Duty to Report Violations

- 20.1 Every employee should report to their immediate superior or Unit/Functional Head or Head of Human Resources or to the Compliance Officer through sec@autoaxle.com, any criminal cases pending against him/her wherein the employee involved directly or indirectly and to update the status from time to time.
- 20.2 Employees are responsible for reporting in good faith to the Company, any circumstances that the employee believes may constitute a violation of this Code of Conduct and Ethics. Employees should report suspected violations to the immediate superior, or Unit/Functional Head, or Head of Human Resources or to the compliance officer through sec@autoaxle.com, who will investigate these matters. There will be no action taken against the employee for good faith reporting of suspected policy violations; however, the employee will not be protected from possible disciplinary action if the report is in bad faith or the employee has otherwise engaged in misconduct.

21. Disciplinary Actions

- 21.1 It is expected from all persons covered under this Code of Conduct and Ethics that they will adhere to the principles and rules laid down in this Code. The appropriate disciplinary action (For Management Staff as per their terms and condition of employment as mentioned in the appointment order and for workmen as per the certified Standing Orders of the company) will be taken against the delinquent employee who is found to violate these principles and policies or any other policy of the Company.
- 21.2 All employees are encouraged to report any suspected violation promptly. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith.
- 21.3 All employees shall work to ensure prompt and consistent action against violations of this Code. However, in some situations there may be "gray areas" for which it may be difficult to know the right thing to do. Since every situation cannot be anticipated, it is important that there is a way to approach a new question or problem. All employees are advised to keep some of the steps in mind:
- Make sure all the facts are available. In order to reach the right solutions, employee must be as fully informed as possible.
 - Discuss the problem with your Superior. This is the basic guidance for all situations. In many cases, your Superior will be more knowledgeable



about the question, and will appreciate being brought into the decision-making process. Remember that it is your superior's responsibility to help solve problems.

- Seek help from the Company's resources. In the rare case in which it may not be appropriate to discuss an issue with your Superior, or where you do not feel comfortable approaching your Superior with your question, discuss it with the Head of Human Resources or with the Head of Compliance.
- Your report of violations of this Code is in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of violations of this Code or questionable accounting or auditing matters. "Good faith" does not mean that you have to be right – but it does mean that you believe that you are providing truthful information. The important thing is that you bring your question or concern to attention of Superior's through one of the available channels.

21.4 If any employee commits breach of any of the conditions as laid by the Company or guilty of misconduct or conduct themselves in a manner which would bring the Company or its employees into disrepute can result into disciplinary action (For Management Staff as per the terms and condition -of their appointment and for workmen as per the certified Standing Orders of the company).

22 Review and responsibility:

This document shall be reviewed for effectiveness and adequacy periodically by the Compliance Officer and necessary changes may be carried out with the approval of the management.

23. Approval:



Approving authority: Srinivasan Kumaradevan

Sr. Vice President & Whole Time Director

Date of approval : 23rd March 2021

Place : Mysore



KALYANI

