



## **CODE OF BUSINESS CONDUCT AND ETHICS - FOR BOARD MEMBERS & SENIOR MANAGEMENT PERSONNEL**

**“The core message is simple: Being NHPCians means striving towards the highest possible standards of ethical business conduct. This is a matter as much practical as ethical; NHPC employs people who relentlessly make endeavor to execute projects in / ahead of the schedule and efficient generation of hydroelectric power, but its most valuable asset by far is the reputation as a company that warrants faith and trust. That trust is the foundation upon which the success and prosperity of the organization rests and it must be re-earned everyday, in every way, by every NHPCian.”**

### **1. INTRODUCTION**

- 1.1 This Code of Conduct (hereinafter referred to as the “**Code**”) shall be called “The Code of Business Conduct and Ethics for Board Members and Senior Management Personnel” of NHPC Limited (hereinafter referred to as the “**Company**”)
- 1.2 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Board Members and the Senior Management Personnel by the shareholders of the Company. Board Members and Senior Management Personnel are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.



- 1.3 This Code envisages that the Board of Directors of the Company ("**Board**") and the Senior Management Personnel must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.
- 1.4 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR] and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 [DPE CG Guidelines]. The Board Members and the Senior Management Personnel should also review other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with this Code.
- 1.5 The Company currently has in place Conduct, Discipline & Appeal Rules, (the "**CDA Rules**"), which govern the conduct of all employees of the Company including Whole-time Directors but excluding Part-time Directors and those governed by the Standing orders under the Industrial Employment (Standing Orders) Act, 1946. This Code has now been framed specifically in compliance with the provisions of SEBI LODR and DPE CG Guidelines. In respect of the Company's Whole-time Directors and Senior Management Personnel, this Code is to be read in conjunction with the CDA Rules.
- 1.6 The amended Code has come into force with effect from the date of approval of the Board i.e. **10.11.2022**.
- 1.7 An acknowledgement form (**Appendix-III**) is required to be signed by those on whom the code is applicable and return the form to the Company Secretary indicating that they have received, read, understood and agree to comply with the Code. Affirmation to the compliance with this Code is required on annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed hereto as **Appendix-II**.



- 1.8 This code shall be read mutatis-mutandis with any notification, regulation, order, circular, guidelines etc. issued by Ministry of Corporate Affairs (MCA), Department of Public Enterprises (DPE), Securities and Exchange Board of India (SEBI) and any other regulatory authority from time to time.

## 2. DEFINITIONS & INTERPRETATION

- 2.1 In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

- i. **"Board"** shall mean the Board of Directors of the Company.
- ii. **"Board Members"** shall mean the Directors on the Board of the Company.
- iii. **"Company"** shall mean NHPC Limited.
- iv. **"Conflict of Interest"** shall mean where the interest or benefits of one person or entity conflict with the interests or benefits of the company.
- v. **"Government"** shall mean Govt. of India.
- vi. **"Independent Director"** shall have the same meaning as assigned to the term in Section 2(47) of the Companies Act, 2013 and Regulation 16 (1)(b) of SEBI LODR.
- vii. **"Key Managerial Personnel (KMP)"** shall have the same meaning as defined under Section 2(51) of the Companies Act 2013
- viii. **"Part-time Directors"** shall mean the Board Members who are not in the whole time employment of the Company and includes Independent Directors.



- ix. **“Relative”** shall have the same meaning assigned to the term in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014, and as more specifically detailed in **Appendix-I**.
  - x. **“Senior Management Personnel”** shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager and shall specifically include company secretary and chief financial officer. This would comprise of all Executive Directors, Group General Managers/General Managers and Head of Projects / Power Stations.
  - xi. **“Whole Time Directors”** shall mean the Board Members who are in the whole-time employment of the Company.
- 2.2 In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

### **3. APPLICABILITY**

- i. Whole-Time Directors
- ii. Part-Time Directors unless specifically exempted from some provisions of Govt. of India including Independent Directors
- iii. Senior Management Personnel & Key Managerial Personnel

### **4. ETHICAL CONDUCT**

Every Board Member and Senior Management Personnel shall act within the authority conferred upon him by the Company and under applicable law, keeping the best interests of the Company in view and



shall:

- i. **Be honest and trustworthy & practice integrity, professionalism, utmost care, skill, diligence, good faith and integrity:** Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively. He should act with high moral and ethical standards.
- ii. Fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;
- iii. Act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised;
- iv. Avoid conducting business with (a) a relative (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 shares or voting rights and (d) with a firm in which he or his relative is a partner, except with the prior approval of the Board
- v. Avoid having any personal and/or financial interest in any business dealings concerning the Company;
- vi. Not engage in any business, relationship or activity with anyone who is a party to a transaction with the Company;
- vii. Avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Company;
- viii. Not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company;



- ix. Not exploit for his 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 and the Board declines to pursue such opportunity; Not seek, accept, or offer or make, directly or indirectly, any gifts, illegal payments remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of business save as otherwise provided under the CDA Rules;
- x. Not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy;
- xi. uphold the values of equality, tolerance, respect for others, and the principles of equity & justice;
- xii. not discriminate on the basis of race, sex, religion, caste, age, disability, national origins or other such factors;
- xiii. Keep the Board informed in an appropriate and timely manner any information in the knowledge of the member or Senior Management Personnel which is related to the decision making or is otherwise critical for the company;
- xiv. Treat the other members of the Board, Senior Management Personnel and other persons connected with the company with respect, dignity, fairness and courtesy;
- xv. Act in a manner to enhance and maintain the reputation of the Company;
- xvi. 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 or 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.

- xvii. undertake to actively participate in the meetings of the Board or Committees on which they serve.

#### **4(a) Pledge & Practice**

The Directors and Senior Management Personnel shall:

- i. strive continuously to bring about integrity and transparency in all spheres of the activities,
- ii. work unstintingly for eradication of corruption in all spheres of life,
- iii. remain vigilant and work towards growth and reputation of the company,
- iv. bring pride to the organization and provide value based services to the company's stakeholders, do duty conscientiously without fear or favour.

#### **4(b) SPECIFIC PROFESSIONAL RESPONSIBILITIES**

- 4(b) (i)** Live the Mission, Vision, Objectives, Commitments and Values of the Company each day. The Mission, Vision, Objectives and Commitments are elaborated in Citizen's Charter of the Company available on the website of Company i.e. [www.nhpcindia.com](http://www.nhpcindia.com).

##### **Values**

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments



- Ensure speed of response
- Foster learning creativity and team work
- Loyalty and pride in the Company

**4(b) (ii) Strive to achieve the highest quality, effectiveness and dignity in both the processes and products of professional work:**

Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

**4(b) (iii) Acquire and maintain professional competence**

Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

**4(b) (iv) Accept and provide appropriate professional review**

Quality professional work depends on professional review and comments. Whenever appropriate, individual members and senior management personnel should seek and utilize peer review as well as provide critical review of their work.

**4(b) (v) Manage personnel and resources to enhance the quality of working life**

Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management Personnel would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the





employees of the Company by providing them all necessary assistance and cooperation, thus enhancing the quality of working.

#### **4(b) (vi) Be upright and avoid any inducements**

The Board Members and the Senior Management Personnel shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc.

#### **4(b) (vii) Observe Corporate Discipline**

The flow of communication within the Company is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as a guide to action, in others they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.

#### **4(b) (viii) Conduct in a manner that reflects credit to the Company**

All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behaviour has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.



#### **4(b) (ix) Be accountable to Company's stakeholders**

All of those whom we serve, be it our Customers, without whom the Company will not be in business, the Shareholders, who have an important stake in its business, the Employees, who have a vested interest in making it all happen, the Vendors, who support the Company to deliver in time and Society to which Company is responsible for its actions – are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.

#### **4(b) (x) Identify, mitigate and manage business risks**

It is everybody's responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.

5. Independent Directors: - are also required to follow code of conduct as per Schedule IV of the Companies Act, 2013.

#### **6. DISCLOSURES**

- 6.1 Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Board Member and the Senior Management Personnel should be made to the Company. It is also incumbent upon every Board Member and Senior Management Personnel to make a full disclosure of any interest which the Board Member or the Board Member's immediate family, Senior Management Personnel or their immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with the Company.

- 6.2 With respect to related party disclosures, Board Members and



Senior Management Personnel shall make disclosure to the Board/Chairman respectively, as per the provisions of the Companies Act, 2013 and Rules/Regulations made thereunder as well as applicable Accounting Standards.

- 6.3 If a Board Member or Senior Management Personnel fails to make a disclosure as required herein, and the Company of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Board Member or Senior Management Personnel, the Company would take a serious view of the matter and consider suitable disciplinary action against the Board Member or the Senior Management Personnel.

## **7. OTHER DIRECTORSHIPS**

- 7.1 Unless specifically permitted by the Chairman of the Board, Board Members and Senior Management Personnel shall not serve as Director of any other company or as partner of a firm that is engaged in a competing business with the Company or with which the Company has business relations. This clause is not applicable to Part-time Directors.
- 7.2 Whole Time Directors and Senior Management Personnel shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, having competing interests with the Company (other than (i) Joint Venture Companies with Management Control vested in NHPC and (ii) Subsidiary/ Associate Company of NHPC) or with which the company has or had business relations, within two years from the date of cessation of Directorship of the Company unless approved by the Government.

## **8. INSIDER TRADING**

Every Board Member and Senior Management Personnel shall comply with the "Code of Conduct to regulate, monitor and report trading by Insider and Code for fair disclosure practices



for prevention of Insider Trading”, in dealing with the securities of the Company.

A Board Member, Senior Management Personnel and their family members shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company which is not in the public domain and thus constitutes insider information. They shall maintain confidentiality of all price sensitive information. Unpublished price sensitive information would be disclosed only to those within the company who need the information to discharge their duty.

## **9. PUBLIC REPRESENTATION AND CONFIDENTIALITY OF INFORMATION**

- 9.1 The Company honors the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorized Officers/Senior Management Personnel.
- 9.2 Any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members or Senior Management Personnel have access or which is possessed by the Board Members or Senior Management Personnel, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) authorized by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

## **10. REGULATORY COMPLIANCE**

Every Board Member and Senior Management Personnel shall, in



his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

## **11. HEALTH, SAFETY AND ENVIRONMENT**

- (i). This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. We must attempt to ensure that the products of our efforts will be used in socially responsible ways, will meet social needs and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human well being includes a safe natural environment.
- (ii). Therefore, all Board Members and Senior Management Personnel who are accountable for the design, development, manufacture and promotion of company's products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

## **12. PROTECTION OF ASSETS**

The Board Members or the Senior Management Personnel shall not misuse, for personal gain or otherwise, the assets of the Company, including tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc., and shall employ them for the purpose of conducting the business for which they are duly authorized.



### **13. AMENDMENTS TO THE CODE**

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

### **14. PLACEMENT OF THE CODE ON WEBSITE**

Pursuant to the applicable SEBI Regulation and DPE CG Guidelines, this Code and any amendments thereto shall be posted on the website of the Company.

### **15. ENFORCEMENT OF CODE OF CONDUCT**

Each Board Member and Senior Management Personnel 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 Part- time Directors, the same shall be considered by the Board for initiating appropriate action, as deemed necessary.

16.2 In case of breach of this Code by the Whole Time Directors or Senior Management Personnel, the same shall be dealt with in accordance with the CDA Rules.

### **17. WHERE TO SEEK CLARIFICATIONS**

Any Board Member or Senior Management Personnel requiring any clarification regarding this code of conduct may contact Director (Personnel)/ Company Secretary/ any officer specifically designated by the Board of Directors.



## **APPENDIX-I**

### **NHPC LIMITED CODE OF BUSINESS CONDUCT AND ETHICS**

#### **FOR**

#### **BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

#### **SECTION 2(77) OF THE COMPANIES ACT, 2013**

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

- (a) they are members of a Hindu Undivided Family;
- (b) they are husband and wife; or
- (c) one person is related to the other in the manner indicated in Rule 4 of the Companies (Specification of definitions details) Rules, 2014;



**Rule 4 of the Companies (Specification of definitions details)  
Rules, 2014**

**LIST OF RELATIVES**

1. Father (including step father)
2. Mother (including step-mother)
3. Son (including step-son)
4. Son's wife
5. Daughter
6. Daughter's husband
7. Brother (includes step brother)
8. Sister (includes step sister)





## APPENDIX-II

**NHPC LIMITED**

**CODE OF BUSINESS CONDUCT AND ETHICS**

**FOR**

**BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

**ANNUAL COMPLIANCE REPORT\***

I .....do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ending 31<sup>st</sup> March 20\_\_\_\_.

Signature : .....

Name : .....

Designation : .....

Date : .....

Place : .....

\* To be submitted by 30<sup>th</sup> April each year.



## APPENDIX-III

### NHPC LIMITED

### CODE OF BUSINESS CONDUCT AND ETHICS

### FOR

### BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

### ACKNOWLEDGEMENT FORM

I ....., have received and read the Company's "CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND 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 : .....