

Srei Equipment Finance Limited

Code of Conduct for Board of Directors and Senior Management

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Version	Owner	Approved by	Approval Date
1.0	Secretarial	Board of Directors	01.12.2024

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SEFL Code of Conduct for Board of Directors and Senior Management

1. INTRODUCTION

This Code of Conduct for Board of Directors and Senior Management* (hereinafter referred to as the Code) of Srei Equipment Finance Limited (the Company) is prepared and implemented to inculcate a culture of Good Governance in the Organization. It helps in maintaining and following the standards of business conduct of the Company. The purpose of the Code is to deter wrongdoing and promote ethical conduct in the Company. The matters covered in this Code are of the utmost importance to the Company, its stakeholders and business partners. Further, these are essential so that the Company can conduct its business in accordance with its stated values.

Ethical business conduct is critical to a business. Accordingly, Directors and Senior Management of the Company are expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with all applicable laws; rules and regulations and all applicable policies and procedures adopted by the Company that govern the conduct of its employees. For any further clarifications, the Head of HR/Company Secretary of the Company may be contacted.

The Board of Directors has approved this Code and it would be applicable to each Director from the date it is approved by the Board. However, in case of Senior Management of SEFL, they should sign the acknowledgment form at the end of this Code and return the form to the HR department indicating that they have received, read and understood, and agreed to comply with the Code. The signed acknowledgment form will be filed in each Executive's personnel files.

** Senior Management means:*

1. Key Managerial Personnel as defined in Companies Act 2013
2. Employees with rank of Senior Vice Presidents and above
3. All Functional Heads

2. APPLICABILITY

This is a comprehensive code and applies to all Directors/Senior Management. However, the provisions shall apply to Executives and Non-Executive Directors including Independent Directors only to such extent as may be applicable depending on their respective roles and responsibilities.

The Code does not specifically address every potential form of unacceptable conduct, and it is expected that all the Directors and Senior Management will exercise good judgment in compliance with the principles set out in this Code. Every Director/Senior Management has a duty to avoid any circumstances that would violate the letter or spirit of this Code.

3. HONEST AND ETHICAL CONDUCT

All Directors and Senior Management are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working in the Company's premises, sponsored business and social events, or at any other place where Directors and Senior Management represent the Company.

Honest conduct is understood as such conduct that is ethical, free from fraud or deception and conforming to the accepted professional standards. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

4. DUTIES OF DIRECTORS

- A. Subject to the provisions of the Companies Act, 2013, a director of a company shall act in accordance with the articles of the company.
- B. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- C. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- D. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- E. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- F. A director of a company shall not assign his office and any assignment so made shall be void.
- G. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

5. PROFESSIONAL CONDUCT OF DIRECTORS AND SENIOR MANAGEMENT

The following is a guide to professional conduct for Independent Directors of the Company and also incorporates the duties of Independent Directors of the Company as laid down in the Companies Act, 2013.

A. Guidelines of professional conduct:

An Independent Director shall -

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his duties;
- iii. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- v. 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;
- vi. 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;
- vii. refrain from any action that would lead to loss of his independence;
- viii. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- ix. assist the Company in implementing the best corporate governance practices.

B. Role and functions:

The Independent Directors shall –

- i. 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;
- ii. bring an objective view in the evaluation of the performance of Board and management;
- iii. scrutinize the performance of Company in meeting, agreed goals and objectives and monitor

- the reporting of performance;
- iv. satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible;
- v. safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. balance the conflicting interest of the stakeholders;
- vii. 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;
- viii. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

C. Duties:

The Independent Directors shall –

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- ii. 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;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- iv. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the Company;
- vi. 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;
- vii. keep themselves well informed about the Company and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. 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;
- x. 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;
- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- xii. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- xiii. 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.

An Independent Director and a Non-Executive Director (not being promoter or key managerial personnel) shall be held liable only, in respect of such acts of omission or commission by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

6. CONFLICT OF INTEREST

An Executive's duty to the Company demands that he or she avoids and discloses actual and apparent conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company, which includes the following:

A. **Employment / Directorship:** In consideration of employment with the Company, Directors and Senior Management are expected to devote their full attention to the business interests of the Company. Directors and Senior Management are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company. SEFL's policies prohibit Directors and Senior Management from accepting simultaneous employment with suppliers, customers, or competitors of the Company, or from taking part in any activity that enhances or supports a competitor at its position. Additionally, Directors and Senior Management must disclose to the Company, any interest that they have that may conflict with the business of the Company.

Further, no Director or Senior Executive of the Company can serve in any other organization as Employee/ Director of that organization which is doing similar business in which the Company is engaged. However, any Employee / Director of the Company may with the prior written approval of the Board of Directors/ Committee/ of the Company accept position of non-executive directors in any other organization including organization which is undertaking the similar business in which the Company is engaged.

B. **Related Parties:** As a general rule, Directors and Senior Management should avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. A relative for this purpose means the list of Relatives laid down in Companies Act, 2013 and includes spouse, children, parents, brothers and sisters etc. The Company discourages the employment of relatives of Senior Management in positions or assignments within the same department. Further, the Company prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor / subordinate relationship).

C. **Payments or gifts from others:** Under no circumstances shall Directors and Senior Management of the Company accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Before accepting anything which may not qualify as inexpensive or token gift from an employee of any entity, the Head of the HR department or the Secretarial department may be contacted. Questions regarding whether a particular payment or gift violates this policy are to be directed to HR department. Gifts given by the Company to suppliers or customers, or received from suppliers or customers, should be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety.

D. **Corporate Opportunities:** Directors and Senior Management may not exploit for their own personal gain the opportunities that are discovered through the use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Company.

E. **Interaction with Media:** The Director / Senior Management of the Company or any other executive authorized by them is the only Spokesperson/s who would interact with the media - press, radio, TV, online, social media including twitter handles. No other executive of the Company will make any statement in the media - press/radio/TV/online/Social media. No executive of the Company can criticize the Company in any article/blog/post/tweet in media - press/radio/TV/online/social

media/twitter.

F. Confidentiality: Directors and Senior Management should maintain the confidentiality of information entrusted to them by the Company.

The Company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of the Director/ Senior Management or anyone other than the Company.

Confidential information includes any information relating to the Company's business, customers, suppliers, employees etc., which is not available in the public domain and to which the Director/ Senior Management has access or they possesses such information because of their position in the Company.

G. Company Property: Directors and Senior Management have a fiduciary relationship with the Company and they should act like a trustee for the Company's property/ assets as well as the property/ assets of other organizations that have been entrusted to the Company. They are responsible for its safe custody and accountable for its use.

The Directors and Senior Management shall not use these assets/ property except as specifically authorized and that too only for the purpose of Company business.

H. Compliance With Applicable Laws And Company's Policies: Every person to whom the Code is applicable and others directly or indirectly associated with the Company shall comply with all applicable laws, rules, regulations and guidelines issued by the Government of India from time to time.

I. Loan to Directors: The Company will not give Loan to any Directors of the Company. However the Loan to Senior Management shall be governed by the HR Policy.

7. DISCLOSURE

The Company's policy is to provide full, fair, accurate, timely, and understandable disclosure in reports and documents that are filed with or submitted to any outside agency and in Company's other public communications. Accordingly, the Directors and Senior Management must ensure that they and others in the Company comply with Company's disclosure controls and procedures, and the internal controls for financial reporting.

8. VIOLATIONS

Part of an Executive's job and of his or her ethical responsibility, is to help enforce this Code. The Directors and Senior Management should be alert to possible violations and report this to the Head of HR who will then put up a report and action initiated if any to the CEO. The Directors and Senior Management must cooperate in any internal or external investigations of possible violations. Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Actual violations of law, this Code, or Company's other laid down policies or procedures, should be promptly reported to the Head of HR/Company Secretary

The Company will take appropriate action against any Director or Senior Management whose actions are found to violate the Code or any other policy of the Company, after giving him a reasonable opportunity of being heard. Where laws have been violated, the Company will cooperate fully with the appropriate authorities and regulators.

9. REVIEW OF POLICY

This policy shall undergo annual review from the date of approval by the Board. However, reviews and modifications at shorter intervals may be carried out, if deemed necessary by the organization, or on changes in the regulatory guidelines. Such changes shall be carried out through the Board of Directors.

ACKNOWLEDGMENT OF RECEIPT

For Director: As soon as it is approved by the Board, same will be applicable to all the Directors

For the Senior Management: I have received and read the Company's Code of Conduct for the Board of Directors and Senior Management. I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my job. I agree to comply with the Code.

If I have questions concerning the meaning or application of the Code, any Company policies, or the legal and regulatory requirements applicable to my job, I understand I can consult the HR Department/Secretarial Department and that my questions or reports to these sources will be maintained in confidence.

Executive Name:

Signature:

Date:

Please sign and return this form to the HR department for requisite filing.

1. Place

:

2. Date: