

## Terms & Conditions of Appointment of Independent Directors of Gujarat Gas Company Limited

### **1. Appointment :**

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director on the Board subject to review of annual performance and unless terminated earlier or extended, as per the provisions of this letter or applicable laws (“**Term**”).

As an Independent Director you will not be liable to retire by rotation.

### **2. Time Commitment:**

As a Non - Executive Independent Director you are expected to bring objectivity and independence of view to the Board’s discussions and to help provide the Board with effective leadership in relation to the Company’s strategy, performance, and risk management as well as ensuring high standards of financial probity and Corporate Governance. The Board generally meets at least six times in a year. The Audit Committee generally meets at least 5 times in a year. Besides, there are other Committees like the Nomination and Remuneration Committee, Project Committee and other sub-committee of the Board of Directors, the meetings of which are ordinarily convened as per the requirements. You are expected to attend the Board and Board Committees to which you may be appointed and the Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, all meetings except Annual General Meeting are held in Gandhinagar.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

### **3. Membership of Committees:**

As advised by the Board, during the tenure of your office, you may be required to serve on one or more of the Committees of the Board constituted by the Company. Upon your appointment as Member/Chairman to any one or more of such Committees, you will be provided with the Committee’s terms of reference and any specific responsibilities.

### **4. Roles, Duties and Responsibilities:**

- A. As member of the Board, you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
- Requirements under the Companies Act, 2013,

- “Responsibilities of the Board” as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under Clause 49 of the Listing Agreement,
  - Accountability under the Director’s Responsibility Statement,
  - Overseeing the maintenance of standards of GGCL values and ethical conduct of business,
  - Overseeing the Company’s contribution to enhancing the quality of life of communities,
- B. You shall abide by the “Code for Independent Directors” as outlined in Schedule IV to Section 149 (8) of the Companies Act, 2013, and duties of Directors as provided in the 2013 Act (including Section 166) and in clause 49 of the Listing Agreement. For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexure-A.
- C. You will also be responsible for providing guidance in the area of your expertise.

**5. Fees:**

As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member as fixed by the Board from time to time.

The sitting fees presently paid to the Non – Executive Independent Director is Rs. 20,000/- per meeting of the Board and Rs. 18,000/- per meeting of the Committee thereof.

Further, you will have no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

**6. Reimbursement of Expenses:**

In addition to the sitting fees described above, the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you for attending the Board/Committee Meetings of the Company.

**7. Insurance:**

The Company has Directors’ and Officers’ Liability insurance.

**8. Disclosures, other directorship and business interests:**

During the Term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may

be required under the applicable laws. You also agree that upon becoming aware of potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Board of Directors of the Company. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships.

- ***Declaration of Independence:***

To satisfy all the criteria of being 'Independent' throughout the tenure on Board of the Company both as per the requirements of the Companies Act, 2013 and as per the Listing Agreement (as amended from time to time). In this regard, a declaration on an annual basis has to be submitted to the Board of the Company confirming that the requirements of Independence are being met. If at any point of time there is any change in the circumstances which may affect the status of Independent Director, the same has to be brought to the notice of the Board immediately.

#### **9. Evaluation:**

The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis.

#### **10. Code of Conduct:**

During the appointment you are required to comply with following codes of conduct of the Company (copies enclosed as Annexure-B):

- i. Code of Conduct for Board and Senior Management;
- ii. Code of Conduct for prevention of Insider Trading in securities of the Company

and such other requirements as the Board of Directors may from time to time specify.

#### **11. Termination:**

Your Directorship on the Board of the Company shall terminate or cease in accordance with law.

You may resign from the Directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. In terms of the provisions of the Companies Act, 2013 you are required to file a copy of your resignation letter with the Registrar of Companies.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149 (6) of the 2013 Act or, if applicable, you fail to meet the criteria for “independence” under the provisions of Clause 49 of the Listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

**12. General:**

This letter and any non - contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the Courts of Gandhinagar.

**COMPANIES ACT 2013**

***u/s 166, "Duties of Directors"***

- 166.** (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) 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.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) 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.
- (5) 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.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) 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.

**SCHEDULE IV**

**CODE FOR INDEPENDENT DIRECTORS**

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

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (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;

- (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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

## **II. Role and functions:**

The independent directors shall:

- (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) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## **III. Duties :**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (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) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (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;
- (7) keep themselves well informed about the company and the external environment in which it operates;

- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (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;
- (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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (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.

#### **IV. Manner of appointment:**

- (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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (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) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - (a) the term of appointment;
  - (b) 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;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (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.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

## **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

## **VI. Resignation or removal:**

- (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.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (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.

## **VII. Separate meetings:**

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) 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.

## **VIII. Evaluation mechanism:**

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

# **LISTING AGREEMENT**

## **Clause 49 Corporate Governance**

### **D. Responsibilities of the Board**

## **1. Disclosure of Information**

- a. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
- b. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

## **2. Key functions of the Board**

The board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework.

## **3. Other responsibilities**

- a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- b. The Board should set a corporate culture and the values by which executives throughout a group will behave.
- c. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
- e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
- f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.
- g. The Board should be able to exercise objective independent judgement on corporate affairs.
- h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- i. The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.
- j. The Board should have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
- l. Board members should be able to commit themselves effectively to their responsibilities.
- m. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.
- n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

## **II. Board of Directors**

## **A. Composition of Board**

1. The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director \* and not less than fifty percent of the Board of Directors comprising non-executive directors.

(\*As per SEBI circular dated September 15, 2014 (appointment of woman director shall be applicable with effect from April 01, 2015)

2. Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half of the Board should comprise independent directors.

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

**Explanation:** For the purpose of the expression “related to any promoter” referred to in sub-clause (2):

- i. If the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
- ii. If the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.”

## **B. Independent Directors**

1. For the purpose of the clause A, the expression ‘independent director’ shall mean a non-executive director, other than a nominee director of the company:
  - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - c. apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives —
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
  - (v) is a material supplier, service provider or customer or a lessor or lessee of the company;
- f. who is not less than 21 years of age.

**Explanation**

For the purposes of the sub-clause (1):

i "Associate" shall mean a company which is an "associate" as defined in Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

ii “Key Managerial Personnel” shall mean “Key Managerial Personnel” as defined in section 2(51) of the Companies Act, 2013.

iii “Relative” shall mean “relative” as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.

2. Limit on number of directorships

- a. A person shall not serve as an independent director in more than seven listed companies.
- b. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

3. Maximum tenure of Independent Directors

The maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

4. Formal letter of appointment to Independent Directors

- a. The company shall issue a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013.
- b. The terms and conditions of appointment shall be disclosed on the website of the Company.

5. Performance evaluation of Independent Directors

- a. The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.
- b. The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.
- c. The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).
- d. 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.

6. Separate meetings of the Independent Directors

- a. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of

management. All the independent directors of the company shall strive to be present at such meeting.

b. The independent directors in the meeting shall, inter-alia:

- i. review the performance of non-independent directors and the Board as a whole;
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. 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.

7. Familiarisation programme for Independent Director

- a. The company shall familiarise the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.
- b. The details of such familiarisation programmes shall be disclosed on the company's website and a web link thereto shall also be given in the Annual Report.

### **C. Non-executive Directors' compensation and disclosures**

All fees / compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate.

Provided that the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.

Provided further that independent directors shall not be entitled to any stock option

### **D. Other provisions as to Board and Committees**

1 The Board shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings. The minimum information to be made available to the Board is given in Annexure - X to the Listing Agreement.

2. A director shall not be a member in more than ten committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

**Explanation:**

i. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded.

ii. For the purpose of reckoning the limit under this sub-clause, Chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.

3. The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

4. An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

5. Provided that 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.

6. The Board of the company shall satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

**E. Code of Conduct**

1. The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct shall be posted on the website of the company.

2. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

3. The Code of Conduct shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

4. An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or

connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

**Explanation:** For this purpose, the term “senior management” shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

## **F. Whistle Blower Policy**

1. The company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy.
2. This mechanism should also provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.
3. The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board’s report.

## **Annexure B**

### **GUJARAT GAS COMPANY LIMITED - CODE OF CONDUCT**

#### **BACKGROUND**

This Code of Conduct (“Code”) is based on the business principles of Gujarat Gas Company Limited (GGCL) and these principles are being extended to cover the directors and senior management of GGCL. The Code helps ensure observation and application of these principles in all the dealings on behalf of the company, its subsidiaries and joint venture companies by the designated persons.

#### **APPLICABILITY**

This Code shall apply to the directors of GGCL and members of its core management team including all functional heads i.e. Ex-Com and direct reportees of the Managing Director/In-charge CEO, who are hereinafter referred to as the “designated persons”.

#### **BUSINESS PRINCIPLES**

##### **Personal conduct**

We expect the highest levels of personal conduct from everyone within GGCL, regardless of position. Honesty, integrity and fairness form the cornerstones of relationships inside and outside GGCL. Bribery of any form is unacceptable. No undeclared offers or payments will be accepted, solicited, or made by, anyone in GGCL.

In addition, everyone within GGCL is required to avoid any conflicts of interest between their personal activities and the business of GGCL.

Everyone is required to make proper use of company assets. Fraud and theft of any sort are unacceptable, and we will treat any incidences seriously. Prevention of fraud and theft is the responsibility of all employees, who should demonstrate a commitment to an anti-fraud culture through their actions.

While it is recognized that limited corporate hospitality is given and received as part of building normal business relationships, employees should avoid accepting hospitality or gifts, which might appear to place them under an obligation.

Proper and full records are made of all transactions made on behalf of GGCL.

#### Duties of Directors:

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (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) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (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;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (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;
- (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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (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.

#### Implementation

##### **We will:**

- provide direction and training to enable employees to protect and make proper use of GGCL's assets in conducting business;
- provide direction, training and support to enable employees to conduct business appropriately;
- maintain a register of possible conflicts of interest to ensure transparency;

- encourage our contractors and partners to demonstrate the same level of commitment to personal conduct;
- identify, assess and implement controls to prevent, detect, record and investigate fraud, theft and malpractice;
- ensure that disciplinary codes of conduct are in place in all of our operations and these codes are communicated to all employees so that they are aware of their personal obligations;
- discipline employees in accordance with the relevant procedures and prosecute and seek redress as appropriate;
- maintain a register of hospitality and gifts received by individuals;
- offer employees a secure and confidential means of providing feedback to management without fear of reprisals in accordance with the Human Resources Policy.

### **Work environment**

The welfare of employees is an essential principle for GGCL. We aim to provide all GGCL employees with competitive terms of employment. All employees will be encouraged to play a full part in personal career development through progressive human resource and training arrangements. We are committed to equal opportunities and the avoidance of discrimination. Harassment will not be tolerated.

### **Implementation**

#### **We will:**

- provide safe conditions of work in accordance with GGCL's policy on HSE;
- provide policies that cater for the diverse needs of our workforce;
- create an environment where employees are able to conduct business with the avoidance of illegal discrimination and harassment of any kind;
- offer employees a secure and confidential means of providing feedback to management without fear of reprisals;
- conduct annual performance and development reviews so that all employees engage in meaningful dialogue with their manager resulting in full development plans;
- continually review our reward framework to ensure that it remains market competitive, aligns the interests of employees with those of the business and shareholders, and facilitates a 'pay for performance' culture;
- actively seek employees' views and feedback using surveys, focus groups and other appropriate communication channels;
- engage in collective and individual consultation as appropriate and depending on local conditions.

- provide specialist advice to enable employees to use professional recruitment and selection techniques that ensure fair and objective assessments of potential recruits from a diverse employment pool and career moves around the company;
- encourage employees to move across departments and international businesses to facilitate the sharing of best practice;
- provide locally adapted frameworks that support staff well-being. This will include a range of work life balance initiatives, which are regularly reviewed against external best practice;
- encourage our contractors and partners to demonstrate the same level of commitment to the welfare of their staff;
- ensure compliance with this standard through a process of education, review and audit.

### **Corporate conduct**

We comply with all applicable legal, regulatory and licence requirements. We aim to co-operate fully with government and regulatory bodies, and we comply with applicable competition law when carrying out our business operations. We apply high standards of corporate governance to the operation of all companies within GGCL.

In all of our public communications and documents that we file with regulators and stock exchanges, we seek to provide timely disclosure which is full, fair and accurate, and which is easily understandable.

We do not make contributions to political parties.

Wherever we operate, we strive to make a positive and meaningful contribution to community activities and to behave in a socially responsible manner. We recognise that GGCL's sustained commercial success is only possible in the presence of a healthy social environment. We always seek to support social and economic development in the communities where GGCL does business.

### **Implementation**

We will:

- provide a framework for governance comprising:
  - an organisation and structure which is appropriate for managing the risks we face;
  - a framework of internal compliance, financial, operational and risk management controls, to maximise shareholders' investment and protect GGCL's assets; and
  - a robust review and assurance system to ensure that appropriate governance is applied to all relevant activities;
- require GGCL and subsidiary company directors and officers to comply with all applicable regulatory and disclosure requirements in connection with stock exchange listings and issue of securities;
- comply with the requirements imposed by governments, stock exchanges and other regulatory authorities;
- comply with international and relevant domestic legislation where we do business;

- design and apply financial, accounting and reporting policies and practices consistent with Indian, UK GAAP and corporate best practice;
- design and apply internal controls to enable compliance with statutory requirements and effective management of GGCL's assets and operations;
- establish, maintain and review operational controls, procedures and plans for business activities;
- establish and maintain an ongoing process for identifying, evaluating and managing the significant risks faced by GGCL;
- provide records management and retention systems to ensure reliability and integrity of information;
- make available appropriate resources to implement this policy;
- set objectives and implement actions to achieve standards of governance equal to or better than those of peer companies, with regular benchmarking;
- require all subsidiary companies to comply with this policy and governance requirements imposed by their place of incorporation or place of operation;
- ensure compliance with this policy through a process of education, review and audit.

## **Human rights**

We conduct our business as a responsible, corporate citizen. We support the UN Universal Declaration of Human Rights and aim to apply its principles throughout our business operations.

### **Implementation**

We will:

- identify, assess and manage the human rights risks arising from business operations;
- treat employees with integrity and respect their human rights as employees by:
  - providing healthy and safe working conditions, fair wages and equal pay for equal work;
  - not employing forced, bonded or exploitative child labour;
  - ensuring the avoidance of discrimination and harassment;
  - providing flexible working practices recognising the need for employees to balance their working life with other interests and responsibilities;
  - defending employees and seeking legal redress in cases of arbitrary arrest, detention without fair trial, torture or extra-judicial killing;
- offer employees a secure and confidential means of providing feedback to management without fear of reprisals in accordance with the Human Resources Policy;
- ensure employees are aware of their labour rights, including (but not limited to) freedom of assembly, association and collective bargaining;
- conduct security operations in full compliance with the Policy on Security;

- provide direction and training to enable employees to meet their obligation to conduct business with regard for human rights;
- encourage our contractors and partners to demonstrate the same level of commitment to human rights;
- make available appropriate resources to implement this policy;
- ensure compliance with the policy through a process of education, review and audit.

### **Health, safety and the environment**

Protection of the health and safety of our employees, all those affected by our business and the protection of the environment, are critical to the overall success of the company. We recognise the importance of contributing to the sustainable development of communities where we work.

To meet these objectives, we conduct our operations using sound HSE management systems, which reflect best industry practice, and we seek to deliver continual improvement by ensuring that lessons are learned. HSE performance is a core value in our business and all GGCL employees are accountable for its delivery.

A safe and secure working environment is fundamental to business success and we seek to protect our personnel, physical assets, information and company reputation from harm.

#### Implementation

For health, safety and environment:

We will:

- identify health, safety and environmental hazards arising from our business, and assess and manage associated risks, across the full lifecycle of our projects;
- comply as a minimum with legislation and associated codes of practice and endeavour to improve on the performance standards they specify by adopting a risk-based approach to design, construction and operations of facilities. In managing our impact on the environment, we will go beyond compliance with local regulation where appropriate, seeking to meet internationally accepted good practice;
- implement health, safety and environment management systems which reflect best industry practice; major managed operations are required to achieve external certification of environment management systems;
- endeavour to continually improve our health, safety and environmental performance so that work related ill health and incidents are reduced and environmental emissions, waste and the use of energy are decreased relative to activity;
- ensure that health, safety and environmental performance is the responsibility of all staff and involve and consult employees and, where appropriate, their representatives;
- provide direction, training and, where appropriate, supervision to enable all staff to meet their responsibility to work safely and with due consideration for the health and safety of others and for the environment;

- develop and maintain effective contingency plans, where appropriate in conjunction with the authorities and emergency services;
- co-operate fully with relevant enforcement agencies and work with industry and external bodies to further the understanding and development of health, safety and environment management and practice;
- encourage our contractors and partners to demonstrate the same level of commitment to continuous improvement in standards of health, safety and environmental performance;
- seek to contribute to the sustainable development of communities where we operate and to understand and take account of the health, safety and environmental concerns of staff, customers, shareholders and communities;
- make available appropriate resources to implement this policy;
- ensure compliance with this policy through a process of education, review and audit;
- publish a regular statement of key health, safety and environmental objectives.

For security

We will:

- identify and regularly assess security threats to business operations and assess and manage associated risks;
- define and implement specific controls and procedures to ensure the confidentiality, availability and integrity of all forms of business and personal data;
- develop and maintain effective Security Management processes to mitigate or minimise identified risks by the use of proactive and cost effective measures and procedures;
- protect all company assets, including personnel, corporate reputation, business information and systems, physical property and key business processes from harm;
- record, analyse and investigate all reported security incidents and irregularities to develop improvements to prevent their recurrence;
- consider security in all aspects of business operations and planning;
- expect a positive commitment to security by all levels of management and provide sufficient resources commensurate with the assessed risks;
- conduct security operations in compliance with the Statement of Business Principles and national legal requirements. Where practical we will improve on the performance standards they specify;
- produce and test response, contingency and business interruption plans to cover all foreseeable events to minimise the impact of any incident or emergency and train personnel in their effective and efficient implementation;
- introduce and maintain active programmes to develop security awareness and responsibility among all employees and contractors;

- ensure compliance with this policy through a process of education, training, review and audit.

## **Communication**

We recognise the vital role that clear and effective communication plays in sustaining business relationships and safeguarding public confidence in GGCL's activities. Openness and transparency of operations, appropriate to the expectations of respective audiences, are a key business goal, subject to the demands of commercial confidentiality. It is also recognised that effective internal communication is important to the success of GGCL, and central to sustaining our corporate values.

### Implementation

We will:

- identify and implement effective communication controls and procedures to ensure that open and effective channels of communication are maintained with external audiences including (but not limited to) governments, communities, shareholders and other stakeholders;
- provide tools and direction to help employees communicate clearly, appropriately and effectively to internal/external audiences;
- offer employees a secure and confidential means of whistleblowing without fear of reprisals in accordance with the Human Resources policy;
- recognise and respect commercial confidentiality where appropriate;
- encourage our contractors and partners to demonstrate and maintain the same level of commitment to open and effective communications;
- use clear and simple language;
- create a culture of two-way internal communications at all levels so that information can be shared, feedback given and questions asked without fear of reprisals;
- provide appropriate resources to implement this policy;
- ensure compliance with this policy through a process of education, review and audit.

## **Third Parties**

When we operate in conjunction with third parties, or with associated companies or in joint ventures we always seek to promote the application of these Business Principles.

More specifically, business integrity is a key standard for the selection and retention of those who represent and work for GGCL. Agents, representatives, consultants or third party contractors must signify their willingness to accept and comply with GGCL's policies and procedures, and they will only be retained on terms that are consistent with GGCL's values and these Business Principles.

### Implementation:

We will:

- aim to conduct business so as to develop and maintain our reputation:

- among those we have already done business with as fair, reliable, efficient and progressive;
  - among the wider business community as an attractive potential partner, supplier or customer; and
  - among governments and regulatory authorities as a responsible international corporate citizen.
- identify, assess and manage the risks in our supply chain, contracting and procurement processes to ensure that they:
    - provide maximum commercial benefit from expenditure on bought-in goods and services whilst maintaining GGCL's reputation;
    - are implemented with the highest standards of integrity and ethical behaviour;
    - encourage and maintain collaborative relations with contractors and suppliers in order to maximise long term benefits throughout the supply chain;
    - enable new entrants and promote a healthy and sustainable marketplace in compliance with applicable national and international laws, including Competition Law;
  - strongly encourage agents, representatives, consultants and contractors to accept and comply with GGCL's policies, procedures and values, or adopt equivalent standards;
  - ensure compliance with the standard through a process of education, review and audit.

## **Customers**

We aim to deliver customer satisfaction by developing and maintaining mutually profitable and lasting relationships with customers, offering value in terms of price, safety and quality and responding to customers' needs through continuous innovation.

Implementation:

We will:

- deliver customer satisfaction by developing and maintaining mutually profitable and lasting relationships with customers, offering value in terms of price, safety and quality, responding to customers' needs through continuous innovation;
- ensure compliance with the standard through a process of education, review and audit.

## ***Economic Priorities***

GGCL is a commercial organisation operating in and subject to the forces of the private sector. We pursue corporate opportunities that provide an appropriate return for our shareholders in order to discharge GGCL's responsibilities and to remain in business.

GGCL's investment criteria are primarily economic, but also take proper account of social and environmental considerations.

We recognise that many of GGCL's activities will be subject to regulation. We work constructively with governments and regulatory authorities to ensure that such regulation is conducive to the highest standards of environmental performance, safety and operational integrity, and balances the interests of investors and other stakeholders.

Implementation:

We will:

- adopt investment criteria which are primarily economic but which also take proper account of social and environmental considerations;
- provide direction and training to enable employees to implement this policy and comply with laws, regulations and business practices of the various countries in which GGCL operates, without contravening the GGCL Statement of Business Principles;
- ensure compliance with the standard through a process of education, review and audit.

## PROCEDURAL ASPECTS

### Reporting

The designated persons shall ensure observation and application of this Code in all their dealing and activities on behalf of GGCL, its subsidiaries and joint venture companies. All the designated persons shall confirm compliance with the Code on an annual basis by furnishing a declaration in the format provided in Annexure – I, in the last month of each calendar year.

The declaration shall be addressed by the designated persons in the following manner:

Declaration by	Addressed to
Directors of GGCL other than Chairman	Chairman, GGCL
Chairman, GGCL	Board of Directors, GGCL
Ex-com members and direct reportees of the Managing Director/In-charge CEO	Managing Director/In-charge CEO

The Company Secretary shall co-ordinate with the designated persons for obtaining the declarations.

On the basis of declarations furnished by the designated persons, the Managing Director/In-charge CEO shall furnish a declaration of compliance with the Code in Annexure – II or as near thereto as the circumstances permit, which shall form part the annual report of GGCL.

Dissemination: The Code and any revision thereto shall be posted on website of the company.

### **Annexure - I**

#### **Certificate of Compliance to be furnished by the designated persons**

To,  
The .....  
Gujarat Gas Company Limited  
Ahmedabad

Dear Sir,

I, \_\_\_\_\_, (name and designation), Gujarat Gas Company Limited, hereby make record that I have read and fully understood the Code of Conduct (“Code”).

I report that:

During the year ....., I have observed and applied the Code in all my dealings concerning GGCL, its subsidiaries and joint venture companies. I further report that there has not been any instance of violation / non-compliance of the Code during the year under report.

I undertake to report any violation / non- compliance of the Code forthwith on its occurrence.

Yours faithfully,

(Name & Designation)

Date:

**Annexure – II**  
**Certificate of Compliance with the Code of Conduct**

To,  
The Shareholders,  
Gujarat Gas Company Limited

Dear Shareholders,

I report compliance of the Code of Conduct (“Code”) by the Board of Directors and senior management of the Company for the year under review.

This is based on the certificates of compliance with the Code received from the designated persons covered under the Code.

---

Managing Director/In-charge CEO

Date: