



Code of Business Conduct & Ethics

(For Board Members & Senior Management Personnel)

1. Introduction

- 1.1. This code of Conduct ("this Code") shall be called "The Code of Business Conduct & Ethics for Board Members and Senior Management Personnel" of BHARAT HEAVY ELECTRICALS 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.
- 1.3. This Code for Board Members and Senior Management Personnel has been framed specifically in compliance of the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.
- 1.4. It shall come into force with effect from the 31st day of December, 2005.

2. Definitions & Interpretations

- 2.1. The term "Board Members" shall mean Directors on the Board of Directors of the Company.
- 2.2. The term "Whole-time Directors" or "Functional Directors" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the Company.
- 2.3. The term "Part-time Directors" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company
- 2.4. The term "Relative" shall have the same meaning as defined in Section 6 of the Companies Act, 1956.

2.5. The term “Senior Management Personnel” shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one level below the Whole time Directors, including all functional heads.

2.6. The term “the Company” shall mean Bharat Heavy Electricals Limited.

In this Code words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice versa.

3. Applicability

3.1. This code shall be applicable to the following personnel

- A All Whole-time Directors including the Chairman & Managing Director of the Company
- B All Part-time Directors including Independent Directors under the provisions of law
- C Senior Management Personnel

3.2. The Whole-time Directors and Senior Management Personnel should continue to comply with other applicable/ to be applicable policies, rules and procedures of the Company.

4. Part I - General Moral Imperatives

Part II - Specific Professional Responsibilities

Part III - Specific Additional Provisions for Board Members and Senior Management Personnel

The code is intended to serve as a basis for ethical decision-making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

5. Contribute to society and human well being

5.1. 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.

5.2. Therefore, all Board Members and Senior Management Personnel who are accountable for the design, development, manufacture and promotions 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

6. Be honest and trustworthy & Practice Integrity

6.1. Integrity and Honesty are essential components of trust. Without trust an organization cannot function effectively.

6.2. All Board Members and Senior Management Personnel are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting company's business.

7. Be fair and take action not to discriminate

7.1. The value of equality, tolerance, respect for others, and the principles of equal justice govern this imperative. Discrimination, on the basis of race, sex,

religion, age, disability, national origins or other such factors, is an explicit violation of this code.

8. Honor confidentiality

- 8.1. The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.
- 8.2. All Board Members and Senior Management Personnel, therefore, shall maintain the confidentiality of all confidential unpublished information about Company's business and affairs.

9. Pledge & Practice

- 9.1. To strive continuously to bring about integrity and transparency in all spheres of the activities.
- 9.2. Work unstintingly for eradication of corruption in all spheres of life.
- 9.3. Remain vigilant and work towards growth and reputation of the Company
- 9.4. Bring pride to the organization and provide value based services to Company's stakeholders.
- 9.5. Do duty conscientiously and without fear or favour.

10. Live the Company's Vision, Mission and Values-each day.

Vision

A World-class Engineering Enterprise committed to enhancing Stakeholder Value

Mission

To be an Indian Multinational Engineering Enterprise providing total business solutions through quality products, systems and services in the fields of Energy, Industry, Transportation, Infrastructure and other potential areas

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

11. 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.

12. 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.

13. Compliance with Laws

The Company's Board Members and Senior Management Personnel shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow / obey the policies, procedures, rules and regulations relating to business of the Company.

14. Accept and provide appropriate professional review

Quality professional work depends on professional reviewing and critiquing. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of theirs.

15. Manage personnel and resources to enhance the quality of working life

Organizational leaders are responsible for ensuring that a conducive 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.

16. Be upright and avoid any inducements

The Board Members and 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.

17. Observe Corporate Discipline

Company's flow of communication 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.

18. 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 behavior 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.

19. 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 Company's 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 BHEL's stakeholders. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.

20. Prevention of Insider Trading

The Board members and Senior Management Personnel shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company.

21. Identify, mitigate and manage business risks

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

22. Protect Company's properties

The Board Members and Senior Management Personnel shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gains.

23. As Board Members / Senior Management Personnel

They shall undertake to actively participate in meetings of the Board / Committees on which they serve.

24. As Board Members

- 24.1** Undertake to inform the Chairman & Managing Director / Company Secretary of the Company of any changes in their other Board positions, relationship with other business and other events / circumstances / conditions that may interfere with their ability to perform Board / Board Committee duties or may impact the judgment of the Board as to whether they meet the independence requirements of Listing Agreement with Stock Exchanges.
- 24.2** Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company at large. Illustrative cases can be:

Related Party Transactions: Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or other person or other organization with which they are associated).

Outside Directorship: Accepting Directorship on the Board of any other Company that competes with the business of Company.

Consultancy/Business/Employment: Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties / responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the company.

Use of Official position for personal gains: Should not use their official position for Personal gains.

25. Compliance with the Code of Business Conduct & Ethics

25.1 All Members of the Board / Senior Management of Company, shall uphold and promote the principles of this code.

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members / Senior Management Personnel to adhere to the principles expressed in this Code, each of them should encourage and support adherence by others.

25.2 Treat violations of this code as inconsistent association with the organization

Adherence of professionals to a code of ethics is largely a voluntary matter. However, if any of Board Members and Senior Management Personnel does not follow this code, the matter would be reviewed by the

Board and its decision shall be final. The Company reserves the right to initiate appropriate action against the defaulter, as deemed necessary.

26. Miscellaneous

Continual updation of code

This code is subject to continuous review and updation in line with any changes in law, changes in company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments / modifications shall take effect the date stated therein.

27. Where to seek clarifications

Any member of Board or Senior Management Personnel requiring any clarification regarding this code of conduct may contact Director (HR) / Company Secretary.

