

Bemco Hydraulics Limited

KHANAPUR ROAD, UDYAMBAG, BELGAUM, 590008

CODE OF CONDUCT.

**Approved by Board of directors in the Meeting
held on 12th February, 2016**

CODE OF CONDUCT

Applicable to all directors, senior management and employees of the Company

Preamble

Bemco Hydraulics Limited Code of Conduct is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Philosophy

Bemco Hydraulics Limited is a professionally managed organisation and the core value underlying our corporate philosophy is "trusteeship". We believe this organisation has been handed to us by the various stakeholders in "trust" and we as professionals are the "trustees" of these stakeholders. It is therefore our responsibility to ensure that the organisation is managed in a manner that protects and furthers the interests of our stakeholders. We recognise society as an important stakeholder in this enterprise and therefore it is part of our responsibility to practise good corporate citizenship.

It is also our belief that in order to serve the interests of our stakeholders in perpetuity, we must build Bemco Hydraulics Limited into an institution whose dynamism and vitality are anchored in its core values.

Good Corporate Citizenship

In the conduct of the Company's business, the practice of good corporate citizenship is a prerequisite and embraces the following:

- **Dealing with People in the Organisation**

In dealing with each other, directors, senior management and employees shall uphold the values which are at the core of our HR Philosophy - trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self respect and human dignity. Indeed, these values form the basis of our HR management systems and processes. In selection and recruitment, while meritocracy will be a prime criterion, managers will scrupulously consider all factors that go towards securing the interests of the Company. Bemco Hydraulics Limited will focus on meritocracy, equity and upholding of Company values in all people processes including performance management systems, appraisals, remuneration and rewards.

- **A Gender Friendly Workplace**

As a good corporate citizen, Bemco Hydraulics Limited is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent/stop/redress sexual harassment at the workplace and institute good employment practices.

Sexual harassment includes unwelcome sexually determined behaviour such as: unwelcome physical contact; a demand or request for sexual favours; sexually coloured remarks; verbal or non-verbal conduct of a sexual nature.

Bemco Hydraulics Limited maintains an open door for reportees; encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. A committee has been constituted to enquire into complaints and to recommend appropriate action, wherever required.

Bemco Hydraulics Limited demands, demonstrates and promotes professional behaviour and respectful treatment of all employees.

- **Relationships with Suppliers and Customers**

All directors, senior management and employees shall ensure that in their dealings with suppliers and customers, the Company's interests are never compromised. Accepting gifts and presents of more than a nominal value, gratuity payments and other payments from suppliers or customers will be viewed as serious breach of discipline as this could lead to compromising the Company's interests.

- **Legal Compliance**

It is the Company's policy to comply fully with all applicable laws and regulations. Ensuring legal and regulatory compliance is the responsibility of the Chief Executives of the Businesses and the Divisional Management Committees. The Company cannot accept practices which are unlawful or may be damaging to its reputation. Divisional Management Committees must satisfy themselves that sound and adequate arrangements exist to ensure that they comply with the legal and regulatory requirements impacting each business and identify and respond to developments in the regulatory environment in which they operate. In the event the implication of any law is not clear, the Company's Legal Department shall be consulted for advice.

- **Health and Safety**

The Company attaches great importance to a healthy and safe work environment. Bemco Hydraulics Limited is committed to provide good physical working conditions and encourages high standards of hygiene and housekeeping. Particular attention

should be paid to training of employees to increase safety awareness and adoption of safe working methods, particularly designed to prevent serious or fatal accidents.

- **Environment Policies**

The Company believes that commitment to sustainable development is a key component of responsible corporate citizenship and therefore deserves to be accorded the highest priority.

Accordingly, the Company is committed to Best Practices in environmental matters arising out of its business activities and expects each business to fully demonstrate this commitment.

In addition to complying with applicable laws and regulations, Businesses must establish procedures for assessing the environmental effects of their present and future activities. They should adopt Best Practices in their environmental policies and procedures.

Personal Conduct

All directors, senior management and employees have the obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Company at all times. They are expected to demonstrate exemplary personal conduct through adherence to the following:

- **Avoidance of Conflict of Interest**

All directors, senior management and employees must avoid situations in which their personal interest could conflict with the interest of the Company. This is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflict, if any, or potential conflict must be disclosed to higher management for guidance and action as appropriate.

- **Transparency and Auditability**

All directors, senior management and employees shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes, including as appropriate, segregation of duties, tiered approval mechanism and involvement of more than one manager in key decisions and maintaining supporting records. It shall be necessary to voluntarily ensure that areas of operation are open to audit and the conduct of activities is totally auditable.

- **Protection of Confidential Information**

No director, senior management and employee shall disclose or use any confidential information gained in the course of employment/ association with the Company for personal gain or for the advantage of any other person. No information either formally or informally shall be provided to the press, other publicity media or any other external agency except within approved policies.

Company Facilities

No director, senior management and employee shall misuse Company facilities. In the use of Company facilities, care shall be exercised to ensure that costs are reasonable and there is no wastage.

Leading by Example

The organisation's directors and senior management set the professional tone for the Company. Through both their words and their actions, the organisation's leadership conveys what is acceptable and unacceptable behaviour. Bemco Hydraulics Limited directors, senior management and employees must constantly reinforce through their actions and behaviour that Bemco Hydraulics Limited stated beliefs of responsible corporate citizenship are rooted in individual conviction and personal integrity.

Waivers

Any waiver of any provision of this Code of Conduct for a director, senior management or employee must be placed for approval before the Company's Board of Directors / Corporate Management Committee, as appropriate.

Non Adherence

Any instance of non-adherence to the Code of Conduct should be brought to the attention of the immediate reporting authority, with copies to the relevant Divisional Chief Executive / Head of Corporate Department and the Head of Corporate Human Resources. In respect of senior management, any such instance should be brought to the attention of the Chairman of the Audit Committee with a copy to the Company Chairman.