

HCL Infosystems Limited

CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT OF THE COMPANY

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I. Definition

“Board Member” shall mean a Director of the Company.

“The Company” shall mean HCL Infosystems Limited.

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

II. Purpose

The prime purpose of the Code of Conduct is to create an environment where all the Board Members & Senior Management of the Company maintain an ethical standard and compliance to the ethical standards that are laid down. This code of conduct will act as guideline to all to :

- Promote honest and ethical conduct.
- Maintain a corporate climate in which the integrity and dignity of each individual is valued and promoted.
- Assure compliance with laws, rules and regulations that govern the Company's business activities; and
- Assure the proper use of the Company's assets.
- Not to indulge in any activity which adversely affects the image of the Company.

This Code does not specifically address every potential form of unacceptable conduct, and it is expected that the Board Members and Senior Management of the Company will exercise good judgment in compliance with the principles set out in this Code. The Board Members & Senior Management of the Company have a duty to avoid any circumstance that would violate the letter and spirit of this Code.

III. Guiding Principles

(i) Fair Dealing

The Board Members & Senior Management of the Company shall deal with others in a fair manner and ensure “Respect for Individual”. Non-compliance will attract disciplinary action.

(ii) Proper Use of Company Assets

The Board Members & Senior Management of the Company are prohibited from using Company assets, confidential or proprietary information or position for personal gain. The Company assets should be used only for the legitimate business purposes of the Company.

(iii) Compliance with Laws, Rules and Regulations

Any transaction undertaken in the name of the Company that would violate the laws of the land is prohibited. Particular attention is directed to the laws, rules and regulations relating to discrimination, securities, antitrust, civil rights, transactions with foreign officials, safety and the environment. If any uncertainty arises as to whether a course of action is within the letter and spirit of the law, advice should be obtained from the Managing Director/Manager/CFO of the Company.

(iv) Discrimination and Harassment

The Company is committed to providing a workplace free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability or any other biases. It would be the endeavour of every Board Member and Senior Management of the Company to see that the work place is free from such discrimination and harassment.

If any Officer or Associate is discriminated against, he/she may lodge a complaint of discrimination or harassment to the Managing Director of the Company.

(v) Political Contributions

Corporate funds, credit, property or services shall not be used, directly or indirectly, to support any political party or candidate for public office, or to support or oppose any ballot measure, without the prior approval of the Board of Directors of the Company.

(vi) Confidential Information

Confidential information be it technical, operational or commercial should not be disclosed to anyone. Such information is confidential and for exclusive use of the Company.

(vii) Conflicts of Interest

(a) General

Generally, a conflict exists when the personal interests or activities of a Board Member or Senior Management of the Company may influence the exercise of his or her independent judgment in the

performance of one or more duties to the Company. Even the appearance of a conflict of interest may be as damaging as an actual conflict and should be avoided.

The Board Member & Senior Management of the Company should not enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him or her to act in any manner other than in the best interests of the Company.

The Board Member & Senior Management of the Company (or members of their immediate family) also should not exercise discretionary authority or make or influence any recommendation or decision on behalf of the Company that would result in an undisclosed personal financial benefit to such person or to members of his or her immediate family.

It is clarified that it would not be a conflict of interest for the Board Member & Senior Management of the Company or members of their immediate family to obtain services from persons or entities who also provide services to the Company, including legal, accounting or brokerage services, loans from banks or insurance from insurance companies, at rates customary for similarly situated customers.

(b) Gifts and Other Benefits

No Board Member & Senior Management of the Company or member of his or her immediate family, shall (directly or indirectly) solicit, accept or retain any gift, entertainment, trip, discount, service, or other benefit from any organization or person doing business or competing with the Company, other than (i) modest gifts or entertainment as part of normal business courtesy and hospitality that would not influence, and would not reasonably appear to be capable of influencing, such person to act in any manner not in the best interest of the Company or (ii) acceptance of a nominal benefit that has been disclosed to the Company.

(viii) Accounting and Reporting

All the Board Members and Officers in Senior Management of the Company are expected to follow the Company's Accounting Policies. All accounting records should accurately reflect and describe corporate transactions. The recordation of such data must not be falsified or altered in any way to conceal or distort assets, liabilities, revenues, expenses or the nature of the activity.

All public disclosures made by the Company, including disclosures in reports and documents filed with or submitted to the Statutory Authorities shall be accurate and complete in all material respects. All the Board Members & Officers in Senior Management are expected to carefully

consider all inquiries from the Company related to the disclosure requirements and promptly supply complete and accurate responses.

(ix) Violation of the Code

The Company will take appropriate action for violation of the Code.

IV. Amendment or Modification

Any amendment or modification of this Code would be approved by the Company's Board of Directors or a duly authorized Board Committee.

SCHEDULE IV
[See section 149(8)]
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 their 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 three months 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 financial 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