



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

CORPORATE CODE OF CONDUCT

CHAIRMAN'S MESSAGE:

Conduct is a set of principles that guide and govern the activities of the company's employees in all matters relating to business. The code lays down the ethical standards that the company's employees have to observe in their professional conduct, and it defines the value system at the heart of the company.

The code is the dynamic document that reinforces the company's cardinal principles to adopt the very best business practices. If all of us, in our professional and personal capacities, can synergise these tenets enshrined in the company's code of conduct, its legacy and its future will remain in good hands.

V.M. LAKSHMINARAYANAN
Chairman & Managing Director
BGMAL

CORPORATE CODE OF CONDUCT

1. COMPANY'S COMMITMENT

The company is committed to contribute towards the economic development of the country in which it operates. The company shall not undertake any project or activity to the detriment of the wider interest of the communities in which it operates

The company's management practices and business conduct shall benefit the country, localities and the communities in which it operates, to the extent possible and affordable, and shall be in accordance with the laws of the land

The company, in the course of its business activities, shall respect the culture, customs and traditions of each country and region in which it operates. It shall conform to trade procedures, including licensing, documentation and other necessary formalities as applicable

2. FINANCIAL REPORTING AND RECORDS

The company shall prepare and maintain its account fairly and accurately and in accordance with the accounting and financial reporting standards which represents the generally accepted guidelines, principles, standards, laws and regulations of the country.

Internal accounting and audit procedures shall reflect, fairly and accurately, all of the company's business transaction and disposition of the assets and shall have the internal controls to provide assurance to the company's board and the shareholders that the transactions are accurate and legitimate. All required information shall be accessible to company auditors and other authorised parties and government agencies. There shall be no wilful omissions of any company transaction from the books and records, no advance-income recognition and no hidden bank account and the funds

3. COMPETITION

The company or employee shall market the company's products and services on their own merits and shall not make unfair and misleading statements about competitors' product and the services. Any collection of competitive information shall be made only in the normal course of the business and shall be obtained only through legally permitted sources and means

4. EQUAL OPPORTUNITIES

The company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital, status, gender, sexual orientation, age, nationality, ethnic origin or disability.

Human resource policies shall promote diversity and equality in the workplace as well as compliance with all local labour laws, while encouraging the adoption of international best practices

Employees of the company shall be treated with dignity and in accordance with the company policy of maintaining a work environment free of all forms of harassment whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner consistent with applicable laws and other provisions of this code, respect for the right to privacy and the right to be heard and that in all matters equal opportunity is provided to those eligible and decisions are based on merit

5. GIFTS AND DONATIONS

The Company and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended or perceived to obtain uncompetitive favours for the conduct of its business. The Company shall cooperate with governmental authorities in efforts to eliminate all forms of bribery, fraud and corruption.

However, the company and its employees may, with full disclosure, accept and offer nominal gifts provided such gifts are customarily given and /or are of a commemorative nature

6. GOVERNMENT AGENCIES

The Company and its employees shall not unless mandated under applicable laws, offer or give any company funds or property as donation to any government agency or its representative directly or through intermediaries in order to obtain any favourable performance of official duties. The Company shall comply with government procurement regulations and shall be transparent in all its dealings with government agencies.

7. POLITICAL NON-ALIGNMENT

The Company shall be committed to and support the constitution and governance systems of the country.

The Company shall not support any specific political party or candidate for political office. The Company's conduct shall preclude any activity that could be interpreted as mutual dependence/favour with any political body or person, and it shall not offer or give any company funds or property as donations to any political party, candidate or campaign except as permitted by the laws of the land.

8. HEALTH, SAFETY AND ENVIRONMENT

The Company shall strive to provide a safe, healthy, clean and ergonomic working environment for its people. It shall prevent the wasteful use of natural resources and be committed to improving the environment, and shall endeavour to offset the effect of climate change in all spheres of its activities.

The Company in the process of production and sale of its products and services shall strive for economic, social and environmental sustainability.

9. QUALITY OF PRODUCTS AND SERVICES

The Company shall be committed to supply goods and services of world-class quality standards, backed by after-sales services consistent with the requirements of its customers, while striving for their total satisfaction. The quality standards of the company's goods and services shall meet applicable national and international standards.

The Company shall display adequate health and safety labels, caveats and other necessary information on its product packaging.

10. CORPORATE CITIZENSHIP

The company shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The company shall encourage volunteering by its employees and collaboration with community groups.

11. PUBLIC REPRESENTATION OF THE COMPANY

The Company honours the information requirements of the public and its stakeholders. In all its public appearances with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers, the Company shall be represented only by specifically authorised directors and employees. It shall be the sole responsibility of these authorised representatives to disclose information about the company.

12. THIRD PARTY REPRESENTATION

Parties which have business dealings with the Company but are not members of the Company such as consultants, agents, sales representatives, distributors, channel partners, contractors and suppliers, shall not be authorised to represent the Company without the written permission of the Company, and /or if their business conduct and ethics are known to be inconsistent with the Code.

Third parties and their employees are expected to abide by the Code in their interaction with and on behalf of the Company. The Company is encouraged to sign a non-disclosure agreement with Third parties to support confidentiality of information.

13. USE OF THE BUTTERFLY BRAND

The use of the Butterfly name and trademark shall be governed by agreements to be issued by the company. No third party or joint venture shall use the Butterfly brand to further its interests without specific authorisation of the Company.

14. GROUP POLICIES

The Company shall recommend to its Board of Directors the adoption of policies and guidelines periodically formulated by the Company.

15. SHAREHOLDERS

The Company shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholder rights. The Board of Directors of the Company shall duly and fairly inform its shareholders about all relevant aspects of the company's business and disclose such information as and when necessary in accordance with relevant regulations and agreements.

16. ETHICAL CONDUCT

Every employee of the Company including full-time Directors and the Chief Executive shall deal on behalf of the Company with professionalism, honesty and integrity while conforming to high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be so by third parties.

Every employee of the company shall preserve the human rights of every individual and the community, and shall strive to honour commitments.

Every employee shall be responsible for the implementation of and compliance with the Code in his/her environment. Failure to adhere to the Code could attract severe consequences, including termination of employment.

17. REGULATORY COMPLIANCE

Employees of the Company in their business conduct shall comply with all applicable laws and regulations, in letter and spirit, in all the territories in which they operate. If the ethical and professional standards of applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

Directors of the company shall comply with applicable laws and regulations of all the relevant regulatory and other authorities. As good governance practice they shall safeguard the confidentiality of all information received by them by virtue of their position.

18. CONCURRENT EMPLOYMENT

Consistent with applicable laws, an employee of the Company shall not, without the requisite, officially written approval of the company, accept employment or a position of responsibility (such as a consultant or a director) with any other company nor provide freelance services to anyone, with or without remuneration. In the case of a full-time director or the Chief Executive, such approval must be obtained from the Board of Directors of the Company.

19. CONFLICT OF INTEREST

An employee or Director of the Company shall always act in the interest of the company and ensure that any business or personal association which he/she may have does not involve a conflict of interest with the operations of the company and his/her role therein. An employee, including the executive director (other than independent director) of the company, shall not

accept a position of responsibility in any other Company or not-for-profit organisation without specific sanction.

Competent authority, in the case of all employees, shall be the Executive Director who in turn shall report such exceptional cases to the Board of Directors on a quarterly basis.

An employee or a Director of the Company shall not engage in any business, relationship or activity which might conflict with the interest of his Company. A conflict of interest, actual or potential may arise where directly or indirectly:

- a) An employee or a Director of the Company engages in a business, relationship or activity with anyone who is party to a transaction with his/her company
- b) An employee or a Director is in a position to derive an improper benefit, personally or to any of his/her relatives, by making or influencing decision relating to any transaction.

The main areas of such actual or potential conflicts of interest shall include the following:

- a) An employee or a full-time Director of the Company conducting business on behalf of his company or being in a position to influence a decision with regard to his company's business with a supplier or customer where his relative is a principal officer or representative, resulting in a benefit to him or his relative.
- b) Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of the Company where such an individual is in a position to influence decisions with regard to such benefits.
- c) The interest of the company can be compromised or defeated.

Notwithstanding such or any other instance of conflict of interest that exist due to historical reasons, adequate and full disclosure by interested employees or a Director shall be made to the company's management. It is also incumbent upon every employee or a Director to make a full disclosure of any interest which the employee or the employee's or a Director's immediate family, including parents, spouse and children, may have in a family business or a company or firm that is a competitor, supplier, customer or distributor of or has other business dealings with his company.

Upon a decision being taken in the matter, the employee or a Director concerned shall be required to take necessary action, as advised, to resolve/avoid the conflict.

If an employee or a Director fails to make the required disclosure and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management shall take a serious view of the matter and consider suitable disciplinary action against the employee or a Director.

20. SECURITIES TRANSACTIONS AND CONFIDENTIAL INFORMATION

An employee of the Company and his immediate family shall not derive any benefit or counsel, or assist others to derive any benefit from access to and possession of information

about the company or its clients or suppliers that is not in the public domain and, thus, constitutes unpublished, price-sensitive insider information.

An employee of the company shall not use or proliferate information that is not available to the investing public, and which therefore constitutes insider information, for making or giving advice on investment decisions about the securities of the company, client or supplier on which such insider information has been obtained.

Such insider information might include (without limitation) the following:

- Acquisition and divestiture of businesses or business units.
- Financial information such as profits, earnings and dividends
- Announcement of new product introductions or developments
- Asset revaluations
- Investment decisions/plans
- Restructuring plans
- Major supply and delivery agreements
- Raising of finances

21. PROTECTING COMPANY ASSETS

The assets of the company shall not be misused; they shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources as well as intangible assets such as information technology and systems, proprietary information, intellectual property and relationships with customers and suppliers.

22. CITIZENSHIP

The involvement of an employee in civic or public affairs shall be with express approval from the chief executive of his company, subject to this involvement having no adverse impact on the business affairs of the company.

23. INTEGRITY OF DATA FURNISHED

Every employee of the company shall ensure at all times, the integrity of data or information furnished by him to the company. He shall be entirely responsible in ensuring that the confidentiality of all data is retained and in no circumstance transferred to any outside person/party in the course of normal operations without express guidelines from or, the approval of the management.

24. REPORTING CONCERNS

Every employee of the company shall promptly report to the management when she/he becomes aware of any actual or possible violation of the Code or an event of misconduct, act of misdemeanour or act not in the company's interest.

Any employee can choose to make a protected disclosure under the whistleblower policy of the company, providing for reporting to the chairperson of the audit committee or the board of directors or specified authority. Such a protected disclosure shall be forwarded when there is reasonable evidence to conclude that a violation is possible or has taken place, with a covering letter, which shall bear the identity of the whistle blower.

The Company shall ensure protection to the whistleblower and any attempts to intimidate him/her would be treated as a violation of the Code.

NOTE:

The BGMAL Code of Conduct does not provide a full comprehensive and complete explanation of all the rules that employees are bound to follow. Employees have a continuing obligation to familiarise themselves with all applicable laws, company policies, procedures and work rules.

This version of BGMAL Code of Conduct supersedes all earlier versions and associated documents and stands effective from 1st September 2014.