



## **SAMVARDHANA MOTHERSON GROUP**

### **CODE OF CONDUCT FOR DIRECTORS**

## **Mother'son Sumi Systems Limited**

**(CIN: L34300MH1986PLC284510)**

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**TABLE OF CONTENTS**

	Pg.No.
1. Preamble	3
2. Applicability	3
3. SMG way of functioning	3
4. Duties of Directors under the Code	6
5. Administration of the Code	8
Schedule A	9
Appendix A	12

## **CODE OF CONDUCT FOR DIRECTORS**

### **1. PREAMBLE**

- 1.1 Founded in 1975, Samvardhana Mother'son Group (“**SMG**”) has a diversified industry-leading portfolio of auto ancillary products and services that make it a full system solutions provider for its customers across the globe. SMG combines power of innovation and product quality to passionately create world class products that cater to customer needs across diverse industries, especially automotive.
- 1.2 SMG vision is to be a globally preferred solutions provider. SMG aims that the products and services of SMG should be technologically competitive and should offer best possible value to the customers while fulfilling their needs, such that SMG becomes customers’ first choice for quality and service. The service standards shall be of highest possible order so as to build mutually beneficial relationships of an enduring nature.
- 1.3 While achieving its vision, SMG is committed to conduct its business with highest standards of work culture and business ethics. By way of this Code of Conduct (“**Code**”), SMG intends to provide guidance to develop and ensure culture of honesty and accountability in SMG. The matters covered in this Code are of utmost importance to SMG, its stakeholders and its business partners.

### **2. APPLICABILITY**

- 2.1 This Code is applicable to all directors of SMG.
- 2.2 The rules and principles set forth in this Code are general in nature and the compliance with the Code be ensured by ensuring compliance of all other policies & procedures of SMG.

### **3. SMG WAY OF FUNCTIONING**

- 3.1 Integrity is fundamental to SMG. Integrity means doing what is right. By acting with integrity, SMG reflects positively on the values, reputation and its brands. At SMG, we are committed to conducting our business with integrity.
- 3.2 SMG has a positive relationship with all its stakeholders and always attempts to respond to the inquiries and requests made by its

stakeholders, as soon as possible. SMG is committed to delivering value for all its stakeholders and exerts its best efforts to maximize the stakeholder confidence in the business of the SMG.

### 3.3 Relations with Business Partners

SMG believes in cultivating a global network of collaborative and mutually beneficial alliances with all its Business Partners. The customs and traditions of Business Partners are respected and it is ensured that all dealings are done with honesty and ethical behavior. Collaboration with the Business Partners in the creation of successful ventures with high standards of integrity and business practice is highly encouraged.

### 3.4 Relations with Customers

SMG is committed to deal with its customers fairly, honestly and with integrity. While dealing with customers, following should be complied:

3.4.1 Information supplied to customers be accurate and complete.

3.4.2 No false or misleading statement or misrepresentation be made while marketing the products or services.

3.4.3 Complaint and warranty claims of customers to be attended to full satisfaction of customer.

3.4.4 Response to customer's needs and expectations shall be speedy, courteous and effective.

### 3.5 Relations with Suppliers

It is imperative to SMG to deal fairly and honestly with suppliers. The relationship with suppliers should only be based on price, quality, service and reputation. The persons dealing with suppliers should carefully guard their objectivity.

### 3.6 Relations with Investors

SMG recognizes rights of its investors for timely dissemination of all price sensitive information and is sensitive to this need. The information relevant for investors be speedily disseminated and should be as comprehensive as it is required to be, subject to considerations of confidentiality and applicable law. The rights of investors to express their views during investor meets, including shareholder meetings, on matters forming part of the agenda and on the performance of the SMG should be respected. Investor queries and observations should be given due regard and

responded to the best extent possible. No information to be made available on a selective basis to specified groups of investors in a manner that places them at an advantage over other groups of investors.

### 3.7 Equal Employment Opportunity

SMG provides equal opportunity and inclusion for all those associated with it, through its policies and practices. A mix of backgrounds, opinions, and talents enriches the organization and helps in the achievement of success. SMG rejoices importance of diversity in workplaces. SMG recognizes the importance of maintaining and promoting human rights uniformly in all operations and provides and promotes the grant of fair and equitable wages, benefits, and other conditions of employment. At SMG everyone is valued and respected for their unique contributions. SMG understands and respects the different roles that each person representing SMG plays in the success and growth of its business. SMG is confident in the skills each person offers and is very optimistic about the way in which it contributes to the overall growth of the entity. Through persistence and goal-directed activities, SMG focuses on not only the obstacles in the way, but also on the clear pictures of future accomplishments. SMG expects its team leaders to recognize the power of their behavior and ensure that team members respect each other and are encouraged to contribute. The principles of mutual trust, teamwork and spirit are core values that SMG abides by and strives to maintain.

### 3.8 Ensuring Health and Safety

SMG values each individual as an important asset of the organization and is committed to high standards of safety and protection, and strives to provide a safe, healthy and hygienic environment to its workforce. SMG conducts its operations in a safe manner that strives to prevent all possible accidents, incidents, injuries and occupational illness. SMG believes in creating awareness regarding work place practices and communicate information, instruction and training programs to all employees to enable them to comply with its environment, health and safety policies. Each person representing SMG has responsibility to follow safety and security procedures, as well as applicable laws and regulations at all times.

### 3.9 Drugs, Alcohol and Smoking

The use, possession, transfer, manufacture, distribution of illegal drugs or alcohol is prohibited at workplace premises, while at work during working or non-working hours. In addition, a person should not report to work while under the influence of, or impaired by, alcohol or illegal drugs or substances. SMG assures a smoke free environment for its employees.

Barring designated areas (if any) the entire office premises are non-smoking.

### 3.10 Non-violence

SMG is committed to provide a safe work environment. It is imperative to SMG that work environment is one where people feel safe and are treated with respect and professionalism at all times. All persons representing SMG are prohibited from engaging in any act on any premises of SMG that could cause another individual to feel threatened or unsafe and this would include assaults (verbal or non-verbal), threats, or any expression of hostility, intimidation, aggression, or ragging.

### 3.11 Environmental Responsibilities

SMG respects the environment and the business activities of SMG ensure that there is minimal impact on environment. Compliance with all environmental laws and regulations is foundation on which business is build. SMG believes that commitment to sustainable development is a key component of responsible corporate citizenship and therefore deserves to accord highest priority. Accordingly, SMG is committed to the best practices in environmental matters arising out of its business activities and expects each business vertical to demonstrate this commitment. In addition to complying with applicable laws and regulations, SMG encourages the assessment of the environmental effects of its present and future business activities.

### 3.12 Human Rights

SMG subscribes to the principle that every human being has the right to be treated with dignity, fairness and respect. SMG upholds dignity, fundamental freedoms and human rights of our employees, business partners and communities in which SMG live and work. SMG respect human rights and care about its role as a good corporate citizen for human rights of each individual. Guided by SMG values and beliefs and in accordance with internationally recognized standards of conduct, SMG assumes responsibility for respecting human rights wherever it operates.

### 3.13 No affiliation / association with a political party

SMG does not support any specific political party of any jurisdiction and does not have any political affiliation.

## 4. DUTIES OF DIRECTORS UNDER THE CODE

### 4.1 Compliance with Law

4.1.1 A director will ensure that SMG conducts its business as a responsible corporate citizen and follow applicable legal framework in spirit and letter.

### 4.2 Honest and Ethical Conduct

4.2.1 A director will act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct while working for an on behalf of SMG. Further, while maintaining personal stature, SMG expects its directors to conduct himself/herself in a manner that would not adversely affect SMG reputation or SMG way of functioning.

### 4.3 Protection of brand, assets and properties

4.3.1 One of the most valuable assets is SMG brand and its reputation as a strong brand is essential for sustainable success especially in fast-changing and highly competitive markets. A director representing SMG, must ensure to protect SMG brand with as much care as any other tangible property.

4.3.2 A Director needs to ensure that persons representing SMG shall protect assets and properties of SMG and ensure efficient and proper use of the same. All SMG's assets and properties should be used for legitimate business purposes.

### 4.4 Representation to media, press, investors etc.

4.4.1 Only designated spokesperson can represent SMG before media, press, investor, market analysts, social media or other external party to ensure that any external communications should be correct and accurate and in no way spread rumors.

### 4.5 Awareness and adherence to SMG Way of Functioning and various SMG's Group level policies

A director is obligated to ensure adherence to SMG's way of functioning as mentioned above and also each of the applicable SMG policy, including, but not limited to the following:

- (a) Insider trading policy;
- (b) Anti-bribery, gift, entertainment and meals policy;

- (c) Related party transaction policy;
- (d) Whistle-blower/ policy;
- (e) Prevention of harassment policy;
- (f) Data protection policy;
- (g) Corporate social responsibility policy (if applicable / adopted by respective SMG entity)

4.5.1 Any breach or default in adherence and compliance of SMG's way of functioning and/or any of such SMG Policy will also be considered a deemed breach of this Code.

#### 4.6 Additional duties of Independent Director

In addition to any specific requirement as mentioned in this Code, an Independent Director will also be required to specifically adhere to the guidance of professional conduct, role and functions and duties as mentioned in **Schedule A**.

### 5. ADMINISTRATION OF THE CODE

#### 5.1 Compliance with the Code of Conduct

5.1.1 Each director needs to acknowledge receipt of Code and affirming compliance thereof, initially (i.e. at the time of implementation of the Code) and annually. A suggestive format is appended as Appendix A.

5.2 Any Concerns about integrity and non-compliance with Code will be subject to investigation by the Board of Directors of respective company of SMG. The Board of Directors of the respective company of SMG will decide / take appropriate action for any non-compliance.

5.3 SMG has the right to amend or modify this Policy and any change in the Policy shall require review by the Group General Counsel and adoption by the Board.

5.4 In case of a conflict between the provisions of this Code and any applicable law, the more stringent provisions between this Code and such applicable law(s) shall be adopted.

**For any clarification / doubt / compliances concerning the Policy please contact Group General Counsel's Office by sending mail at [gco\\_policyquery@mother'son.com](mailto:gco_policyquery@mother'son.com) with a copy to the Head of Regional Chairman's Office.**

## SCHEDULE A

### **A. 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; and
- (9) assist the company in implementing the best corporate governance practices.

### **B. 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) scrutinize 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; and
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **C. 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 behavior, 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.

## APPENDIX - A

### CODE OF CONDUCT

#### Acknowledgement Form

I have received, read and understood SMG's Code of Conduct as adopted by Board of Directors of Mother'son Sumi Systems Limited on February 13, 2018.

I agree to abide and comply with the terms and provisions contained in the Code of Conduct.

Signature: .....

Name:

Position in the company/Relationship with the company:

Address:

Date:

Place: