



KIRLOSKAR BROTHERS LTD.



Enriching Lives

CODE OF ETHICS

let's come together, walk together

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Established 1888



Laxmanrao Kashinath Kirloskar
(1869-1956)
Founder, Kirloskar Brothers Limited

“ Treat your work as your duty. He who works earns the world’s respect. So immerse yourself completely in work if you want to succeed in the world. ”



Enriching Lives

MISSION

We shall be known globally as a reliable, innovative and cost effective solution provider in hydraulic machines & systems.

VISION

Kirloskar Brothers Limited will be one of the most admired engineering companies in the world.

VALUES

- Developing and working with mutual trust
- Building and nurturing teamwork
- Fairness in dealing with stakeholders
- Quality in everything
- Commitment towards environment



Foreword

Dear All,

I am filled with a sense of both pride and pleasure while presenting to you the third edition of Kirloskar Brothers Limited's (KBL's) Code of Ethics.

At the onset, let me express myself clearly. This is one of the important documents for our company's image, a company which has a rich heritage to bank upon and an equal responsibility to create a future, for generations to come.

It is more of a guide on 'Ethical Behaviour' and less of a teacher. At the same time, do not miss the undercurrent of strict adherence in following it. Each of us at KBL are morally and physically bound to adhere to the norms and ethical behaviour patterns prescribed in this document.

Every Team KBL member is a valuable part of this global organisation. We are the leaders in the industry that we operate, because of our ability to adapt to changes instantaneously, but never at the cost of our ethics.

This document will guide you at each step in your career with KBL. Read it in its entirety, use it wisely, refer it regularly and most important - 'Question when Confused'. Remember, we are personally accountable for our own actions, and this document will prevent you from taking wrong decisions during your work tenure with KBL.

Our reputation and success depends largely on our personal commitment to uphold the values, virtues and ethics prescribed in this document while doing business for KBL. We shall not tolerate retaliation against any employee who in good faith reports misconduct or co-operates with a compliance investigation.

Let us grow KBL ethically, morally and well within the Laws of Business, as prescribed in any country within which we operate.

Warm Regards,

Sanjay C. Kirloskar
Chairman & Managing Director
Kirloskar Brothers Limited

Index

Mission, Vision, Values	II	f. Social Media	39
Foreword by CMD	III	(Web Logs, Social Networks,	
An Understanding	11	LinkedIn, etc.)	
Applicability	13	g. Acquiring Information about	40
Summary of Values	14	Competitors or Other Third Parties	
Compliance	16	h. Use of Company Resources	41
a. Business Practices	17	i. Manufacturing	43
b. Dealing with Government	20	j. Project Management	46
Machinery		k. Customer Service and	49
c. Intellectual Property	22	Operations Management	
d. Brand and Logo	23	Relationship	50
Business Conduct	25	a. KBL and its Employees	51
a. Financial Integrity	26	b. KBL and its Customers	54
b. Business Courtesies,	31	c. KBL and its Subsidiaries	55
Gifts, etc.		d. KBL and its Suppliers	56
c. Conflict of Interest	34	e. KBL and its Dealers	58
d. Charitable Donations	36	f. KBL and Society	59
e. Protecting	37	Enforcement	60
Confidential Information			

An Understanding

Kirloskar Brothers Limited welcomes you to its world of Ethical Business Standards. We will refer to Kirloskar Brothers Limited and all its subsidiaries as 'KBL' throughout this document.

This code is not a contract and no contract is implied, but it will guide you while addressing legal and ethical issues that come up during your journey of business dealings for KBL. Let this be clear that if any part of this code conflicts with applicable law, the law shall always prevail.

In case, a part of this code is deemed invalid, it will not affect the validity and enforceability of its other sections. KBL has sole discretion to interpret the code.

KBL does recognise and respect regional and local differences in employment, privacy and other applicable laws. We will comply with regional and local requirements concerning the matters discussed in the code, as appropriate.

Let us understand the code

KBL has prepared this code, to help you as you go about your daily work. This is a standard set of values and ethics, common for all. KBL is well aware of differences in customs of other countries, since we are a multi country outfit. Rules, regulations, customs and practices may differ but ethical standards remain the same. All of us at KBL should be committed to uphold the Code of Ethics and should be responsible and accountable for the same, for it is on these Ethical Standards that the success and reputation of a business like KBL depends.

The KBL Code of Ethics starts with a summary of core business values. These values are the foundation of KBL and shall be responsible for its success, growth and widespread reputation in the years to come. They shall enhance our ability to serve customers to help us be more competitive and promote our pride in being a part of Team KBL.

The KBL Code of Ethics specifically addresses four areas:

- **Compliance:**

It is our responsibility to abide by the laws, rules, regulations and KBL policies that apply to our business practices

- **Business Conduct:**

It is our obligation to conduct internal and external business, fairly and ethically

- **Relationship:**

It is our responsibility to interact fairly and respectfully with each other, our customers, our partners, our suppliers and the community at large in which we operate

- **Enforcement:**

It is our commitment to conduct investigations in an ethical, transparent and legal manner and to promote consistent disciplinary action for violations of our policies or business conduct/ Code of Ethics

Applicability

This Code applies to all personnel employed by or engaged to provide services to the Company. They include the Company's directors, officers, temporary employees, workers (including agency workers) and independent contractors (hereinafter referred to as "employees").

Waiver of this code or a part of it, by any employee must be approved by the Ethics Committee. Such waivers if any, along with the reasons shall be disclosed to the Company Shareholders through Annual Reports.

Summary of Values

Conduct

We Strive...

- To conduct business with honesty and integrity
- To follow the letter and spirit of the prevalent law
- To treat each other fairly
- To act in the best interest of the company and to avoid conflict of interest
- To protect the company's reputation and assets

Customer Orientation

We Strive...

- To listen and respond to our customers, suppliers and stakeholders
- To communicate our mutual intentions and expectations clearly
- To deliver innovative and competitive products and services
- To make it easy to work with us
- To excel at customer satisfaction

Discipline

We Strive...

- To conduct business with uncompromising integrity and professionalism
- To ensure a safe, clean and injury-free work place
- To make and keep commitments
- To properly plan, fund and staff projects
- To pay attention to detail

Great Place to Work

We Strive...

- To be open and direct
- To promote a challenging work environment that develops our diverse workforce
- To work as a team with mutual respect and trust for each other
- To win and enjoy victory
- To recognise and reward the accomplishments
- To perform fairly and firmly
- To be an asset to the human community worldwide

Quality

We Strive...

- To achieve the highest standards of excellence
- To do things in the right manner
- To continuously learn, develop and improve
- To take pride in our work

Result Orientation

We Strive...

- To set challenging and competitive goals
- To focus on quality output
- To assume and accept responsibility
- To confront and solve problems constructively
- To execute flawlessly

Risk Taking

We Strive...

- To foster innovation and creative thinking
- To embrace the changes and challenge the status quo
- To listen to all ideas and view points
- To encourage and reward informed risk taking



Compliance

Business Practices
Dealing with Government Machinery
Intellectual Property
Brand and Logo

Business Practices

Compliance with the 'Law'

It is our policy to operate within applicable laws and to comply with those laws, rules and regulations, which affect our business and to co-operate fully with relevant authorities and regulatory bodies wherever necessary.

Compliance with applicable competition laws shall also be ensured. These are laws which prohibit agreements or actions that infuse unfair competition or reduce competition without benefitting consumers.

Examples restricting competition are :

- Fixing or controlling prices
- Structuring bids (bid rigging)
- Boycotting specified suppliers or customers
- Dividing or allocating markets or customers
- Limiting the production or sale of products or product lines

Q: In case you are at a meeting or public place and you overhear an informal group of competitors discussing a future product or its pricing etc. Will you join the conversation to gain some extraordinary competitive intelligence?

A: No. KBL believes in fair and honest competition. You must avoid any discussion on the same and must stay away from such situations. In case of such a situation, report the incidence immediately to the Legal Department.

Unfair methods of competing for business are totally prohibited. Some examples of the same:

- Making false and or misleading representations about company's products
- Downgrading a competitor or its products
- Making false claims of our products without substantial facts to back them
- Using another company's trademarks in a way that confuses a customer about its source
- Every employee is expected to work within the Company policy and without violating the law, whether accidentally or deliberately. If criminal violence has occurred, the company shall take

appropriate measures to stop and correct the criminal conduct and also to stop it from re-occurring.

Improper Payments

KBL prohibits employees from receiving, offering, promising, authorising, directing or making, directly or indirectly, any bribes, kickbacks or payments of money or anything of value to obtain business improperly for the company or themselves. To put it simply, no employee shall discuss or offer anything to any official who may influence an 'Official Work'. Such payments should not go to:

- Government or public organisations
- Political parties or candidates for political office
- Business entities partially or wholly owned by Government interests
- Privately held commercial companies
- Company employees
- Third party

Insider Trading

Every employee shall adhere to the strict Insider Trading Laws. KBL prevents insider trading of Company Securities, which is applicable to all employees, as they are insiders.

Employees shall strictly maintain 'Price Confidentiality'. They shall not pass on any price sensitive information to any person, whether

insider or outsider, directly or indirectly, by way of making any recommendation for the Purchase / Sale of Company Securities or take any advantage of their position for their direct or indirect benefit.

Link: <https://intranet.kbl.co.in/INTRANET/CHRM/Code%20for%20Insiders.pdf>

Q: In case you are aware that KBL is likely to exceed its Quarterly Revenue Estimates, but since the announcement is not made public, you are likely to gain money after this information gets out. Can you buy more Company Shares?

A: No. What you are thinking of doing is Insider Trading, a violation of KBL policy and applicable Insider Trading Laws. You may buy or sell company shares only after such information is made public and after the trading windows open.

Q: In course of your work, you come across some non public information from a customer, which indicates that the customer is in a better financial condition than it appears on face value. Can you buy customer's shares?

A: No. The customer may have given this information in good faith, to help his company determine how to best meet its needs. You cannot use this information for personal purposes, nor divulge it to others. It is a violation of trust, violation of KBL policies and the applicable Insider Trading Laws. You can only buy such stocks after the information is public and it is spread in the financial markets.

Q: Through the nature of your work, you come to know that KBL is acquiring another publicly traded company. Can you buy stocks in that company right now?

A: No. This is again a violation of KBL Insider Trading Laws and it must be avoided under all circumstances. It can instigate the trading activity and affect the security's price significantly.

Q: By now you are aware that you cannot divulge Insider Information to an outsider, but can you reveal or discuss it with your family members or other peers ?

A: No. You cannot reveal such information to anybody who does not legitimately need to know it, which includes family members, friends and acquaintances. This may result into unfair trading of securities, which is against KBL policies and you may expose yourself and the company to criminal and civil liabilities, even though you may not personally gain through the same.

Contracts and Ethics

All employees shall compete fairly and ethically for every business opportunity. Those involved in the sale of products/services, in negotiation of agreements or in the delivery of services to customers are expected to understand and honour the terms of the company's general contractual agreements. More so, each employee must ensure that all statements, communication and representation to customers are accurate

and truthful and they must be committed to meet all such contractual obligations.

KBL employees shall not take undue advantage of their authority, while entering into any contractual agreement.

Q: A customer is ready to sign a contract, but is awaiting his board's approval. He assures you that his board will approve the transaction when it meets and asks you to allow some period for implementation of the terms. Can you send a letter on behalf of KBL, confirming that the customer has some period to implement the contract ?

A: No. This would imply an unauthorised 'Side Letter' modifying the terms of the contract. This can call for disciplinary action on you, which may include termination.

Q: An employee of KBL, asks your favour to obtain a higher, non-standard discount in an upcoming significant contract with a major customer. Should you help him?

A: No. Employees are strictly restricted to achieve excess margins from unjustified and/or unapproved non-standard discounts.

Dealing with Government Machinery

This includes Government contracting, procurement integrity, organisational conflict of gifts, meals and entertainment, lobbying of governmental officials, political contribution, personal political activities, influencing others, public service, etc.

Familiarisation with Codes of Government Organisations

Government and Semi-Government organisations have their own codes of conduct and their own policy guidelines for dealing with contractors, vendors, suppliers and procurement through tenders. We need to familiarise ourselves totally while dealing with such organisations. Awareness about these codes will only help KBL employees to deal with such organisations and act with restraint wherever needed, so as to avoid unethical practices. 'Ignorance is not always bliss' and ignorance can lead to disqualification in an important bid, which we at KBL need to avoid.

Display of our Code of Ethics

Pre-qualification documents are the first requisite of any governmental bid. It is through such submissions that we can establish KBL's capacities, capabilities, credentials, financials, past work references and most important, our character. We should proudly enclose/submit, our own Code of Ethics along with such documents, wherein the overall look will be impressive and the undercurrent will strongly pronounce our business principles.

We have to be conscious in our dealings and make a positive march from the present to our new philosophies. This should not be taken categorically, but has to be done on a case to case basis, while conducting our ongoing business.

Gifts and Complimentary Items

Out of proportion gifts have always given a wrong message, sometimes hurting the recipient. They should be avoided like a plague. Gifts are a token of appreciation or memory of a relationship. They should be more thoughtful, careful and well planned. Gifts with a touch of local speciality are wise to give. It's not the price but the thought which makes them unique and appreciable, so gifts not exceeding a value of INR 500/- which could be office stationary or of similar nature are acceptable. Gifts are best on occasions and, fortunately in our country, we are never short of them. Misunderstandings are avoided as gifts, on occasions, help to build up relationships.

Meals and Entertainment

Meals and entertainment are a very routine but an important aspect in today's business life and normally a trend, after business meetings, conferences, events, etc. These also help build up a friendly dialogue between the dealing parties. Lunches should generally be working meals at the company cafeteria while dinners could be at a decent and reasonable restaurant but, of course, with prior approval.

Intellectual Property

It is a world of patents and trademarks. He who invents has the legal and moral right to sell and be benefitted from the proceeds of the same. Ditto for the creator of information. There are proper and improper ways of using this information and, no one, absolutely no one has the right to steal it, infringe it or plagiarise it.

At KBL, intellectual property is a very important asset. It is a pure creation of mind, and it includes:

- Inventions
- Copyrights
- Patents
- Trademarks such as logo, symbols, names, images and designs used in commerce
- Trade secrets
- International agreements
- Literary and artistic works, books, plays, films, musical works, drawings, paintings, photographs, sculptures, softwares, etc.

KBL expects every employee to safeguard its intellectual property, an obligation which

continues even after the employee leaves the company.

KBL, at the same time, respects intellectual property of others. It is against our code of ethics to use, copy, and display or distribute any third party copyrighted software, documents, etc. without prior permission or approval from its rightful owner. The final go ahead of the same shall be given by the KBL Legal Department.

Some basic ethics to be followed while tackling intellectual property issues:

- Protect the company's IP and act responsibly with sensitive information, be it from vendors, customers, contractors or other business partners
- Use confidential information extremely purposefully
- Share confidential information with only those who need to know it
- Identify all email communication with confidential markings
- Upon separation, deliver all notes, records, data and equipment back to the company

Brand and Logo



Enriching Lives

Since the inception in 1888 by our founder, Shri Laxmanrao Kirloskar, followed by the elevation of the company to greater heights by his son Shri Shantanurao Kirloskar, the company has actually enriched

lives of millions across the globe.

The Brand and Logo of Kirloskar Brothers Ltd. are its most Valued Intellectual Property and the KBL Code of Ethics prescribes very strict guidelines towards handling of the same.

KBL very sternly expects compliance towards the Brand and Logo handling by each and every employee of Team KBL.

This code applies to all personnel employed by or engaged to provide services to the Company, inclusive of the Company's directors, officers, temporary employees, workers (including agency workers) and independent contractors (hereinafter referred to as "employees"), advertising agencies, agencies for print production and every single individual/company/ organisation which is 'officially' permitted to use the Kirloskar Brand.

KBL expects every employee to safeguard and respect this Intellectual Property, an obligation which continues even after you leave the employment of the company.

KBL, at the same time, respects such Intellectual Property of others. It is against our code of ethics to use, copy, display or distribute any third party brand/logo without prior permission or approval from its rightful owner.

Some basic ethics to be followed while handling the KBL brand/logo:

- Respect the Kirloskar brand/logo with the highest esteem
- Protect the company's brand/logo from misuse and act with maturity and responsibility towards the usage of the same
- Maintain the same respect, strictness and discipline when the brand/logo is used by your vendors, customers, contractors and other business partners
- The Kirloskar brand/logo manual should be referred by every KBL employee when

sanction of its usage for any business/social purpose is to be given. This manual contains guidelines for brand/logo usage, placement, position, colours, font, font size, etc.

- The brand/logo should be allowed to be used only and only where business or image building of the company is concerned and with prior approval by the Legal Committee
- KBL brand/logo should be used on every stationery product used for business communication e.g. visiting cards, letter heads, envelopes, note pads, etc. Every employee should take care of its proper usage. Avoid misuse (in case of used stationery, it should be torn or shredded and put in the waste basket. Throwing it around carelessly might result into someone stepping over it). KBL shall not tolerate such disregard towards its brand/logo

- Brand/logo on the uniform (office/factory) should also be respectfully cared for by every employee of Team KBL. KBL notes that a brand/logo should always be closest to the heart of every employee and that is the reason it is always placed on the upper left hand portion in company uniforms, just near the heart
- Upon leaving the company, the KBL brand/logo should be respected, which the company expects from all employees of Team KBL

To sum up the above, let it be known to all employees, business associates, agencies, contractors, social organisations, government organisations that KBL shall not tolerate disrespect, disregard and misuse of its brand/logo, which is its Legacy and Intellectual Property.

The background of the slide features a hand in a business suit pointing towards the viewer. Overlaid on the hand is a large, semi-transparent shield icon containing a padlock, representing security and protection. A network of lines and dots is also visible in the background, suggesting a digital or interconnected environment.

Business Conduct

Financial Integrity
Business Courtesies, Gifts, etc.
Conflict of Interest
Charitable Donations
Protecting Confidential Information
Social Media (Web Logs, Social Networks, LinkedIn, etc.)
Acquiring Information about Competitors or Other Third Parties
Use of Company Resources
Manufacturing
Project Management
Customer Service and Operations Management

Financial Integrity

Directors and Finance Department employees at KBL must adhere to the following principles and inculcate a culture throughout the company as a whole, which will help in fair and timely reporting of financial results and position.

- Act with honesty and integrity and avoid conflict of interest
- Ensure that the books and records are fair, accurate, timely and are understandable reflections of the company's operations and business activities
- Provide only correct, complete, objective, relevant and timely information, which can help prepare correct reports of the company's position in documents which are submitted to government agencies and public
- Comply with the rules and regulations of central, state, provincial and local governments as well as other public agencies
- Act in good faith and never allow misrepresentation of material facts to avoid their independent judgement to be subordinated
- Never disclose confidential information unless authorised or legally obligated and never use it for personal gain whatsoever
- Use all assets employed or entrusted responsibly and within control
- Ensure that all company records such as ledgers, vouchers and expense reports are accurate and complete. If questions arise, respond positively and in case of knowledge of inaccurate records of others, report the situation immediately to your seniors. KBL shall not tolerate such occurrences
- Ensure that relevant accounting standards are followed while preparing such records
- Co-operate with auditors and ensure co-operation of others under you
- Share knowledge and maintain skills, important and relevant to stake holder's needs.
- Practice as well as preach ethical behaviour to create a better work environment
- Promptly report any misconduct or violation of law to higher authorities thereby preventing any mishap in our code of ethics

- Stay away and report any breach of fiduciary duty or self interested transactions, which can create a conflict of interest with our financial code

Violations of the Financial Ethical Standards/Code of Conduct are serious

Violation apart from committing also includes failure in reporting potential violations of others. Severe disciplinary action inclusive of termination of employment can be the result of such an act. In such a case, report to the Legal Department, Senior Management or the Audit Committee of the Board of Directors. It is against KBL policy to retaliate against an employee for reporting in good faith, of any potential or actual code violations.

Please remember

- Accurate and reliable financial reporting is a must
- No false entries to be made in any financial books or records
- Timely financial accounting to be done in compliance to KBL policies
- No inappropriate alteration in financial documents and no unauthorised signing
- Funds and assets of KBL shall not be used unethically or for any illegal purpose
- Handling and disbursement of funds or assets must be authorised and in compliance with clearly defined procedures

- Undisclosed or unrecorded funds or assets in relation to any KBL transaction shall not be maintained for any purpose
- Payment on behalf of KBL shall not be made on assumptions that it might be used for the purpose it was granted for, but shall be made on absolute accuracy of its use

Books and Records

It is KBL's policy to maintain books and records with utmost accuracy, fairness and honesty. All transactions whatsoever shall be disclosed, reflecting the honest and correct position of the company at any given point of time. Accounting practices of any country we operate from shall be taken into consideration. Unrecorded, off the books or "Slush" funds shall never be created or maintained whatsoever.

Records Retention

The Records and Retention Policy of KBL has its explicit guidelines, as regards to the records to be maintained, the retention period, legal implications, etc.

Every employee has to be aware of the stipulations and has to maintain records accordingly. No need to maintain unnecessary records but employees must have knowledge to maintain the crucial ones. Every employee therefore should read and abide by the Retention Policy and Retention Schedule.

The Retention Policy covers:

- Paper
- Email
- Video
- Hard Drive
- Compact Disc
- Pen Drive or any Other Electronic Storage Device

Coercion of Auditors

The integrity of the Company's Audited Financial Documents is critical. No employee shall make even an effort to influence, coerce, manipulate or mislead the company's independent auditors, thereby trying to project a false picture of financial statements of the company.

Public Disclosure and Financial Reporting

KBL is committed to making complete, timely and accurate public disclosures. We are ethically and morally bound to always present the correct financial and business picture of the company to our shareholders and public at large, so also to all governmental authorities in any and every country we operate in. These obligations also apply to every employee of KBL while preparing such reports or documents. It is important not to withhold the correct picture and to report any information on the same. Reports or public

disclosures before being signed and forwarded should be checked at every stage, verified and then passed ahead. In case of any fraudulent practice coming to your notice, it should be duly reported to the higher authorities, legal department or audit committee.

International Business

KBL employees worldwide need to consult our Legal Department, irrespective of the geographical location, particularly in issues like foreign exchange controls, custom duties, value added services, etc. If any conflict arises between local laws and regulations, and Indian laws and regulations, our Legal Department in India should be consulted and no action must be taken without such consultation.

Foreign Corrupt Practices

KBL employees world over shall strictly abhor from offering or making any payments in money, products or services, directly or indirectly to any foreign government employee in order to entice favourable business. As a global company, apart from the Prevention of Corruption Act, 1988 (India), KBL is subject to all relevant anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA) (as if it were a U.S. incorporated company) and the Bribery Act 2010 (U.K.). These prohibit bribery of government officials and commercial partners.

We should never offer, directly or indirectly, any form of gift, entertainment or anything of value to any government official or commercial partners including customers or their representatives to:

Obtain or retain business;

- Influence business decisions; or
- Secure an unfair advantage

This includes bribes, kickbacks and facilitation payments.

Q: Suppose your customer has signed and returned an order form, but forgotten to sign an attachment. He has left for a vacation. Can you sign on his behalf and process the order?

A: No. Altering documents or signing without proper authority is illegal and also against KBL's code of ethics. Return the order form and get his proper signatures before processing the order.

Q: In case you come across some old and 'paid' invoice file, can you put them in the shredder to create more filing space?

A: No. All financial records whatsoever have to be maintained, as they have to be reported, reviewed and audited, to be able to present a correct picture for our shareholders and legal departments. Please see the Retention Schedule for guidance.

Q: If our accounting department receives a letter from a customer's attorney, demanding that KBL should fulfill certain oral promises that it allegedly made. Your manager asks you to review your email to assure whether you have any emails that could support such a promise. You identify one email that could be construed as constituting a promise to a person who was unfamiliar with the customer relationship but you believe, in good faith that no such promise was ever made to the customer. Will you delete the email?

A: No. KBL's Records Retention Policy requires employees to preserve all records that may be relevant to a matter in which KBL reasonably anticipates litigation. You should immediately contact the Legal Department to help determine whether, under the circumstances, there is a reasonable anticipation of litigation.

Q: In case you receive a call from an investment analyst who has heard that KBL is having a bad quarter, while you know that the opposite is true – KBL is about to have an amazing quarter. Should you correct his misconception thinking that it is good to protect and correct the company's reputation?

A: No. You should not. Only spokespersons authorised by KBL, at the direction of the Executive Management, are allowed to speak with the financial community about KBL or its financial prospects.

Q: A reporter who wants more information about a recent product announcement calls you. You are very familiar with the product. Should you speak with this reporter?

A: No. Not without obtaining prior permission from the Executive Management, who must approve in advance all communication with the press. They may conclude that you are the best spokesperson for the company on this issue, but it is they and not you who must make that decision.

Q: Your Manager is exerting pressure on you to “make the numbers work”?

A: Your responsibility is to be honest and accurate. If you feel pressured to do otherwise, speak with higher-ups or consult with the Legal Department or Human Resources. You may also contact the Audit Committee of the Board of Directors.

Business Courtesies, Gifts, etc.

You May Extend

Providing meals, refreshments, entertainment and event access in conjunction with business discussions with non-government personnel is a widely accepted practice. You may do so when it is appropriate to the circumstances. Such practices, however, must not violate the standards of conduct of the recipient's organisation, any contractual agreement with an existing or potential customer or KBL policy. You are responsible for familiarising yourself with any such standards, agreements, and policies and for complying with them.

KBL prohibits giving anything of value (including charitable donations or sponsorship of events) directly or indirectly to any private individual, firm or entity as a means of improperly inducing business. Employees who make, facilitate and / or approve expenditures for meals, refreshments or entertainment, must use discretion and care to ensure that such expenditures are in the ordinary and proper course of business and could not reasonably be construed as bribes or improper inducement.

Q: A commercial customer with whom I do business occasionally visits our facility. May I buy lunch for him?

A: Yes, you may buy lunch. However, some limitations exist. As long as this does not violate any of the customer's regulations or any contractual obligations between the customer and KBL, and the expenditures are reasonable considering the business relationship involved, it is permissible.

In any case, business courtesies must be nominal enough not to appear to influence the judgment of the recipient to secure unfair preferential treatment or gain improper advantage. A final test of appropriate business courtesies, even if allowed under the law, is whether public disclosure would be embarrassing to KBL or the recipient.

You May Receive

Gifts

KBL employees generally may accept unsolicited gifts or other business courtesies from actual or potential customers, suppliers or other business partners provided they are not of material value and are not given with the purpose of influencing one's judgment.

It is never appropriate to solicit gifts or other courtesies directly or indirectly. If you are offered a gift or other business courtesy of material value from an individual, firm or representative of a firm who has or seeks a business relationship with KBL, you must demonstrate that the gift could not be construed as an attempt by the offering party to secure favourable treatment. You must obtain written approval from your Sector/CF Head and from your Regional/Ethics Counsellor before accepting the gift.

KBL recognises that, in some parts of the world, gift giving is a common practice and not accepting a gift could reflect badly on KBL. Even in those instances, however, where the gift is of more than nominal value (say INR 500/-), you must obtain the written approval of your Sector/CF Head and your Regional/Ethics Counsellor before accepting the gift.

Neither you nor any member of your family may accept any loan, guarantee of loan or payment from an individual or firm doing or seeking business with KBL. Exceptions to this include only loans from recognised banks and financial institutions that are generally available at market rates and terms. Similarly, you may not accept

referral fees or other incentive payments or perquisites from third parties to whom KBL may refer business. Generally, incentive programmes offered by third parties are discouraged. The Director of the relevant organisation and the Vice President & Head of Human Resource Management of KBL must first approve any such incentive programmes.

Q: If a representative of a supplier, vendor, or customer presents me with a pen and pencil set with the supplier's logo as a token of appreciation, may I accept it?

A: Yes. As long as the item is not of a material value and is widely available to others under similar circumstances, you may keep it for your personal use. If the item does not meet these criteria and if you have not otherwise received the required approval, politely return it to the donor.

Q: It is the holiday season and I have just received from a vendor, at home, a gift certificate worth the equivalent of INR 5000/- for a local department store. May I keep the gift certificate?

A: No. You may receive only gifts that are not of material value. Rupees Five Thousand is of material value and might be perceived as inducing favouritism. You should return the gift certificate immediately, with a note explaining that KBL policy does not allow you to accept such a gift.

Q: I have been offered a discount on a product sold by one of the KBL suppliers. May I take advantage of the discount?

A: It depends. You may accept the discount only if it exists under a program generally available to KBL employees. Accepting discounts not generally available to KBL employees may create the appearance of favouritism to the donor or may imply that there will be favouritism in the future.

Entertainment

You may accept occasional meals, refreshments, or other entertainment appropriate to the circumstances in connection with normal business discussions.

Again, it is inappropriate to accept such favours if they are offered solely to influence your business decision. If an individual or firm doing or seeking business with KBL offers you entertainment that is more than modest or routine, you must obtain the written approval of your Sector / CF Head and your Regional/Ethics Counsellor before accepting. Every employee is personally responsible for ensuring that acceptance of any business courtesies, gifts or entertainment is proper and does not reasonably appear to be an attempt by the offering party to secure favourable treatment.

Q: May I accept a business meal from a representative of a supplier or vendor?

A: Probably. In most circumstances, modest and infrequent business meals may be accepted by KBL employees. On other occasions, it may be more appropriate for KBL or the employee to pay for the meal. Whenever a vendor pays for a meal,

always consider the specific circumstances and whether your impartiality could be compromised or even appear to others as being compromised.

Q: I am responsible for organising various meetings, including the selection and bookings of hotel reservations for extensive KBL marketing meetings. May I ask the hotel manager for a complimentary room for my personal use, since we are giving so much KBL business to the hotel?

A: No. Your request would violate KBL policy. Your solicitation of a complimentary room would be using your position to obtain preferential treatment and could also affect your impartiality in arranging hotel accommodations for future meetings.

Conflict of Interest

A conflict of interest means a situation where there is a conflict between your (employee's) personal interests and the interests of the company. An employee, if free from personal interests, will always be loyal to the company.

Actions taken by employees should be objective and in the best interest of the company.

Employees should not have any outside interest, investment or business relationship that dilutes their loyalty to the company or dedication to the principles.

Relationships in transactions must be kept away to make sure there is no adverse impact on the company.

Employees must not use confidential company information for their own advantage or profit. They must not disclose confidential company information in any form to anyone who does not need to know it in order to conduct the company's business.

Sometimes, a conflict of interest can develop unexpectedly. In case of such doubt of a conflict, actual or potential, the employee must report such details to his/her seniors. The presence of a conflict does not necessarily mean that the

proposed activity will be prohibited. It is the employees' responsibility to fully disclose all aspects of the conflict and withdraw entirely from the decision making process.

Additionally, if anybody observes any situation involving another employee which is a conflict of interest, report the situation to your senior who shall do the needful. Reports from employees shall be handled as confidentially as possible.

There are many examples where such conflicts may arise, which may include but be not limited to:

- Accepting payments, which may influence your business decision
- Employees shall not directly or indirectly work or consult a competitor or engage in an activity that is competitive with the company's business interests
- Potential conflicts between personal and professional relationships
- Written approval must be obtained by employees from seniors prior to accepting a second job, consultancy, etc., to ensure that it will not conflict with KBL's interests

Q: You want to start your own consultancy that will primarily target small businesses, which may include company customers. Could this be a conflict of interest under the policy?

A: Yes. This activity will be a conflict of interest if:

- Your new business keeps you away from company work
- The services you plan to provide are similar to services KBL provides
- The customers of your new business are also actual or potential KBL customers, suppliers or competitors
- Proprietary information of company is used
- You should review the matter with your senior and obtain his or her approval

Q: I have been approached by friends to invest in a company that will manufacture a product that could eventually be sold to KBL. This is purely an investment interest and I will not take part in the management of the company or provide any advice. Will this be a conflict of interest?

A: It depends a lot on:

- The position you hold with the company
- The influence others may believe you have in the selection of suppliers
- The amount of your investment. You should review the matter with your senior and obtain his or her approval

Q: A current customer has asked me to be his consultant in developing a product that would be of no interest to the company. I often deal with this customer on the job. Could this be a conflict of interest?

A: Yes. This could create a conflict of interest because other vendors, suppliers or customers might suspect you of favouring this particular company, even if it is not true. The objectivity of your business decisions could be questioned. In addition, this would create a conflict of interest if you are personally performing services for the customer which may hamper company work.

Q: Can an employee teach a course at a local university/educational institute for pay ?

A: Yes. It is permissible for an employee to teach at an educational institution with the approval of his or her senior.

Q: I have been asked to take a seat on the board of directors of a start-up company. May I accept?

A: Not without approval. If you wish to serve on the board of directors of another company, you must receive written approval from KBL. The company for which you serve should not be in a competitive position with KBL and should not be a customer, partner or supplier, and the time required to serve on the board should not be substantial. You may receive compensation while serving in an approved position.

Charitable Donations

KBL provides funding through a Charitable Trust (e.g. Vikas Charitable Trust) to organisations that address key community needs and, in some cases, matches employee contribution to local charities. KBL directly contributes to charitable causes when appropriate. At the same time, employees should refrain from speaking or making commitment on behalf of KBL for the benefit of any organisation or cause in which they participate. Should an official KBL authorisation be required or desired, it should be made by an appropriate KBL official.

KBL will not fund:

- 1) Organisations that discriminate on the basis of caste or religion
- 2) Individuals
- 3) Organisations outside India
- 4) Organisations not registered as a Charity or "Not for Profit" entity

Q: Can I assure on behalf of KBL, funds for the heart surgery of a poor boy ?

A: **No.** KBL will not donate funds to an individual entity.

Q: Can I request KBL for donation to an organisation which undertakes heart surgery for the poor people of the society.

A: **Yes.** You may request through HR to KBL or Vikas Charitable Trust.

Protecting Confidential Information

Our technology and knowledge have given us a competitive edge. It is critical that we maintain our advantage by protecting confidential information and maximise its value for our stake holders. KBL employees must protect the company's confidential information.

All information related to KBL business, not intended for public disclosure should be considered as confidential information, viz.:

- Employee information
- Technical product drawings
- Software, innovations development (regardless of the stage of development)
- Marketing and sales plan
- Internal performance test results
- Competitive analysis
- Potential contract, mergers or acquisitions, confidential or otherwise sensitive company information should not be filed or stored in a non-KBL location, such as at employee's home or on his or her private computer, without prior approval

We must make sure that all important company documents and information are properly maintained or disposed as per defined retention period.

Employees should take precaution to ensure that laptops, computers, mobiles phones and other devices containing confidential company information are not lost, misplaced or stolen. They should report the disappearances of any such equipment immediately to their supervisors.

The obligation to protect confidential company information and personal information continues even after expiry of your employment with KBL, which is expected of you.

General Data Protection Policy (GDPR)

Employees are required to abide by the GDPR or any other policy, which the company may issue on time to time basis. For more details, please contact data protection officer.

At the same time, no confidential information obtained during your work with former employers should be brought on premises or used in any form in your work at KBL.

- Do not give your SAP or other systems password without appropriate authorisation
- Do not enter or allow entry in a restricted area
- Do not access the computer or allow access to your system or network without appropriate authorisation

Q: I am working on an exciting innovation related to our pump and have been meeting a supplier to discuss the sourcing of the related product. I have exchanged e-mails with the supplier containing information about the innovation. Is there anything I need to do to safeguard the company's interest ?

A: Yes. Before communicating with suppliers or customers about this KBL innovation, you should contact the Legal Department to be sure that the appropriate confidentiality and non-disclosure agreements are first put in place. These will ensure that the other party honours the confidentiality of our intellectual property and will help protect the company's interests if there is ever a dispute about ownership of confidential information.

Social Media

(Web Logs, Social Networks, LinkedIn, etc.)

We have a commitment and responsibility to be honest and accurate in our communications to the employees and to the public at large. No employee will knowingly/unknowingly make a false or misleading statement to the media, financial community, government official, public agency or on a public forum.

We will strive to create, establish and follow a communication process that ensures timely flow of information throughout the organisation and creates consistent messages that are delivered by appropriate individuals in the organisation.

Only authorised individuals should speak to the media or financial community. Employees should not speak to the media on company related issues or post messages on social media on behalf of KBL.

KBL has a legal obligation to disclose material financial information as broadly and equitably as possible. Inquiries from stock market analysts, investors or other members of the financial community should be forwarded to the Head-Finance.

Q. I have been asked to speak to a reporter, on one of our businesses and, during the course of the interview, if the reporter asks my opinion on rumours about a competitor having quality problems with a key product and I have heard the same rumours, how should I respond?

A. We should not engage in circulating rumours either about KBL or our competitors. You should only share facts about KBL and let our competitors speak for themselves. Ethics and integrity demand that we take the high road in such cases.

Q. I have received a call from a local newspaper. The reporter would like to come to the office to interview me for a story on a community organisation in which I am involved. Is this permitted?

A: Yes. Our employees are not prohibited from talking to the media on non-KBL issues. Just make it clear to the reporter that you are speaking as a private individual and not on behalf of KBL. They can interview at your home as well.

Acquiring Information About Competitors or Other Third Parties

The KBL Code of Ethics recognises that acquiring and using information related to competitors is accepted as a routine business practice. The code however directs that such information will only be sought when there is a reasonable belief that both receipt and use of the information is lawful.

While in process of acquiring information, follow two principles:

1. Do not induce a person to betray trust by offering or giving a gift or alluring with some prospective employment or business opportunity.
2. Do not intrude on reasonable expectations of privacy or confidentiality. Competitive information includes anything related to the competitive environment or to a competitor. We may make appropriate observations about our competitors' products, market, pricing or business plan activities based on publicly available information, such as:

- Public Presentations
- Product Brochures, Documents and Journals
- Advertisements
- Internet Websites
- Market Research Agencies (Information collected in an Ethical Manner)

Q. I have good relations with a customer who is also a customer of a KBL competitor. Using my relations with this customer, can I influence him to collect the competitor's product data, new development plan, pricing, etc. for KBL?

A: No. Influencing or lying to someone to get the competitors data is not a KBL ethical norm. Only data publicly available or from market research agencies should be used for competitive analysis.

Use of Company Resources

Personal Use of Resources

Effective use of Company resources is critical to our profitability and image. Company resources include such things as company time, materials, supplies, telephones, equipment, information, electronic mail and computer systems. We provide these resources to fulfil company's goals and purposes. Your manager or supervisor must approve any personal, community, charitable or other non-business use of these or other company resources. Protecting company assets against loss, theft, misuse and waste is the responsibility of each employee.

Your usage must be lawful, consistent and must not interfere with the performance of your job responsibilities or distract other employees.

Some examples of excessive use of company resources

- Excessive calling or sending fax long-distance
- Extensive photocopying and printing
- Copying computer software programmes (except when authorised)
- Taking office supplies home

- Driving or using a company vehicles, tools, equipment or other company assets without authorisation
- Using electronic networks, including the Internet, except as authorised by local policy
- Using any KBL resources for personal financial gain
- You should report any improper use of company resources to your manager or supervisor or the Ethics Counsellor. By limiting company resources to business purposes, you are helping KBL to control costs.

Information Systems and the Internet

We rely on our information and technology resources to meet operational, financial and communication requirements. These resources include our telephones, fax machines, cell phones, computers, computer applications, networks and the information stored in them.

Use of our networks and information resources is both a necessity and a privilege. If you have access to our networks, use it responsibly. If

you use KBL networks from home or other non-KBL locations, you are subject to the same standards of use as are employees who use it from company premises. Computers and all of the information stored on our computers and networks are company property and are subject to review anytime.

You should not use computers or networks of KBL for any of the following activities:

- Accessing Internet, email accounts or using external 'chat' or 'instant messaging' services
- Conducting independent business activities
- Soliciting for commercial, charitable, religious or political causes
- Sending chain mail letters or broadcasting personal messages
- Uploading or downloading unauthorised software or copyright-protected information, except if authorised
- Sending inappropriate, offensive or disruptive messages
- Gaining unauthorised access to databases or information sources at KBL or any other site
- Damaging computer equipment, software or data
- Interfering with or disrupting network, services or equipment

Illegal Use

It is against KBL ethics to send off-colour jokes to others or to spread sexual or other discriminatory/ personal gossip through our Company resources. This type of activity may be considered harassment under the sexual harassment policy of company.

You must never use company networks to view, upload, download or circulate any of the following materials:

- Sexually related or pornographic messages or material
- Violent or hate-related messages or material
- Bigoted, racist or other offensive messages aimed at a particular group, caste or individual
- Malicious, libellous or slanderous messages or material
- Subversive or other messages or material related to illegal activities

KBL reserves the right to periodically monitor, access and disclose the contents of its computer systems and networks and to block access to non-business related Internet sites. Employees who repeatedly or seriously misuse KBL networks are subject to disciplinary action, including possible termination of employment.

Manufacturing

KBL ethics of 'Manufacturing' include implementing and managing manufacturing practices that comply with applicable laws, environmental standards and the company's mission. KBL strives to balance the economic impact while actively promoting the benefits of product quality.

KBL ethics of manufacturing balances business priorities (low cost production, quality materials, need for profits, etc.) with corporate social responsibility (fair wages, impact of product consumption and recycling to consumer health, impact on overall environment and long term sustainability, etc.)

KBL is guided by the following ethical manufacturing standards wherever it operates and its contract factory partners are symbiotically bound by the same standards. Partners must train their employees on their rights and obligations as defined by these standards and applicable local laws.

Core standards of KBL manufacturing are:

I) High Standards of Manufacturing Processes and Practices

KBL is committed to use high standards of processes and practices at each stage of product manufacturing (production, assembly and testing). KBL is committed to deliver its products/services to the customer complying to all the agreed requirements of quantity, quality and time bound delivery.

II) Self Discipline

KBL encourages a high degree of self discipline among its employees at work place, including prohibition on chewing tobacco, tobacco products and smoking.

III) Employment Practices

KBL is committed to 'no use of child labour of any kind', nor shall materials be purchased that are produced by child labour.

IV) Harassment or Abuse

Every employee shall be treated fairly and with respect and dignity. No employee shall be subjected to any physical, sexual, psychological or verbal harassment or abuse.

V) Non-discrimination

No employee or job applicant shall be subjected to any discrimination in employment, including hiring, promotion, salary, benefits, advancement, discipline, termination or retirement on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social or ethnic origin.

VI) Safe and Healthy Working Environment

KBL's production facilities strive to assure employees a safe and healthy workplace that does not expose workers to hazardous conditions. KBL provides an accident-free environment to prevent injury to health arising out of, linked with or occurring in the course of work or as a result of the operation of employer facility / factory.

VII) Fair Wages and Benefits

KBL shall ensure that its production facilities share its commitment for the betterment of wage and benefit levels that address the basic needs of workers and their families so far as possible and appropriate in light of national practices

and conditions. Production facilities shall pay employees according to the minimum or above minimum wages applicable by local law and shall provide legally mandated benefits.

VIII) Hours of Work and Overtime Compensation

Except in extraordinary business circumstances, employees shall not be required to work for more time than as stated in the law of the country of manufacture. Employees shall be compensated for overtime hours at such applicable rate as are legally prevalent in the country of manufacture.

IX) Environmental Compliance

KBL's production facilities must comply with all applicable environmental laws, rules and regulations of the country in which they operate. KBL expects the local management of production facilities to make progressive improvements in the environmental performance of their own operations and require the same of their partners, suppliers and sub-contractors. Production facilities shall be part of, or shall work towards, a global environmental assurance programme and incorporating sustainable environmental practices into business practices by minimising waste and pollution, proper disposal of all waste, reducing carbon emissions; designing and developing sustainable products, materials and technologies.

X) Gender Equity

Female workers in KBL receive equal remuneration including wages, benefits, allowances and are given the same opportunities, inclusive of promotion, available to male employees with the same qualifications. Those taking the legally mandated “Maternity Leave” are not unlawfully impacted.

XI) Legal and Ethical Business Practice

KBL's production facilities and service providers must comply with all applicable laws of the country in which they operate, including but not limited to applicable laws, rules and regulations relating to salaries/wages, working hours, conditions of employment, health, safety, environment and immigration.

Q: During assembly of a product, one of my fitters brings to my notice a defect in one of the components which can cause a problem during service life of the product. However, I have to meet my daily assembly targets committed to the management. Should I go ahead with assembly using the defective part, as the product will pass the ‘Third Party Inspection’?

A: No. As an ethical manufacturing practice of KBL, you just cannot use/hide the defective parts to meet your targets though the product will pass the “third party inspection”, as it will cause problems in its service life later on. In fact, you need to appreciate your fitter for bringing the

defect to your notice. This will help in cultivating ethical culture among all employees as well.

Q: KBL has banned the use of any ‘asbestos’ material in its products, as it is injurious to health. However, a client is insisting for the same referring to some old drawings/specifications. Should we go ahead and use ‘asbestos’ in the product to comply with the requirement of our customer?

A: No. You need to educate your customer on ‘Asbestos related injury risks’ and distract him from using ‘asbestos’ in products.

Project Management

Follow Good Engineering Practices

During Project Tendering, Project Execution and Site Management, we come across several occasions where our own products/services are below the normally acceptable standards. It is obvious that a vigilant customer would notice and point out the same. Such incidences may become grounds for unethical practices, if not taken positively. These are times when process correction, learning and improvement takes place within us. It is recommended that we always follow good engineering practices and abide by technical codes and internal standards apart from the client's technical specifications. This can eliminate major disputes and the aftermath thereof.

Follow Statutory Norms and Regulations

Project operations during tendering, execution and site management stages are continuously required to conform to various prevailing statutory norms and regulations as enforced by government machinery. Taxation, labour laws, industrial safety and hazard laws, judiciary requirements, etc. are some important aspects.

The project management team needs to be fully aware of all the rules and regulations to ensure compliance without default at all times. It is very important to revert to the in-house expert, whenever in doubt, to get necessary clarifications and guidelines. Defaults, in case of occurrence, should be immediately notified to the experts at the Head Office for necessary corrective actions. Do not try to use alternative methodologies to resolve a crisis.

Maintain the Dignity of the Code of Ethics

The code of ethics needs to be imbibed by all personnel to honourably project the image of KBL. Display of the code of ethics can be through simple issues such as the dress code, punctuality, decency in behaviour, routine correspondence and personal interactions. The code has to be understood from all these aspects, apart from the written rules and guidelines.

Health and Safety Measures

KBL employees should strive to bench mark the

company's norms and practices on health and safety to international standards. The guidelines stated in health and safety manuals should be practiced, while within the company as well as on business travel. The implementation of these should be self-driven and should not require policing.

Hospitality to Clients/Officials visiting KBL Offices/Works

Frivolous business activity at KBL may ensure high influx of visitors. Customer representatives visit our offices and factories due to projects that we execute for them. It is essential to have informality in treatment and follow policy guidelines while handling them. Concerned employees should adhere to the guidelines, especially on facilities related to transportation, accommodation in Pune/works, entertainment and recreational courtesies (swimming pool, tennis court, golf course, etc.) to be extended on such occasions.

Meals and Entertainment at Project Sites

It is a normal expectation at sites that client's personnel who are overseeing our work are extended invitations for meals. This, if conducted on occasional basis is acceptable but when overdone may lead to unnecessary expenses and distraction from the actual work, which needs completion.

Such meals/parties should be limited to occasions, e.g. completion of a milestone activity, major equipment erection, commissioning of a plant or handing over of a project site. This can be coincided with the visit of a senior official of KBL to the site such as Sector Head/Head of Department. This will discourage the practice of the client's junior officials demanding or expecting such entertainment from the site engineer more frequently.

Q. You are a KBL project site in-charge overseeing the work of your sub-contractors at site. A labour officer who conducts a surprise visit to your site office finds out that your sub-contractor's labour record files are not in order. He threatens to file a case against KBL who is the main contractor. How would you handle this situation? Would you bribe him to overlook the default? Would you encourage you sub-contractor to do the same or would you remain inactive in this regard, as you feel this is not your work or responsibility as a site engineer?

A. You should do none of the above. Remember, our legal department has already circulated manuals which give guidelines on statutory compliance requirements at site which need to be strictly followed. Hence, first and foremost ensure that at all times, such files and records are updated. In case there is a default, normally there is a time frame provided as per the law for compliance. You need to see that the non-compliance report raised by the labour officer is closed within the stipulated time. In case of any doubt or query, immediately contact our inhouse

expert located at head office or regional office for his guidance on necessary corrective action.

Q. You are executing a project and find that you are continuously facing difficulties in getting equipment accepted by the client after inspection or acceptance of site erection work by the client's field engineer. How would you handle this situation?

A. Most projects have a very detailed technical specification for each and every equipment based on which Quality Assurance Plan (QAP) and Field Quality Plan (FQP) can be prepared and get approved by the client in advance. All inspections of equipment and erection work should be strictly conducted as per approved QAP/FQP and the inspection results documented in an Inspection Report/Site Protocol. This should minimise your issues to a great extent.

Q. As a site engineer, you are constantly being requested by various representatives of the client for arranging dinner parties at site. This is affecting your work schedule and also increasing your cost at site. How would you handle this issue without causing any adverse effect on your relationship with the client?

A. We propose to issue a guideline document on this matter which can be referred. However, as a policy, you should emphasise on the fact that celebration or entertainment at site is normally done on completion of major milestone activities such as foundation laying, commissioning of plant or handing-over of project, etc. Site engineers should also try to convey to the client that such events require you to take prior approvals and should be conducted during the visits of senior KBL officials to site, thus indirectly reducing such frequent and direct demands from the customer on the site engineers.

Customer Service and Operations Management

KBL is committed to customer satisfaction and shall constantly strive to meet the required national and international standards.

- Deliver 'value for money' on sales of products and services
- Supply products as per specifications and deliver them on schedule
- Provide prompt 'after sales service'
- Help customers in proper selection, operation and maintenance of products manufactured by the company
- Obtain customer feedback on the performance of the product, reliability and after sales service
- Organise customer meets to share their experience, apprise them with new products, added features in products, applications and services offered



Relationship

KBL and its Employees
KBL and its Customers
KBL and its Subsidiaries
KBL and its Suppliers
KBL and its Dealers
KBL and Society

KBL and its Employees

At KBL, we encourage and expect you to express your thoughts and ideas for improvement at workplace and any concerns you may have about the workplace or specific job-related problems. We will not retaliate nor tolerate retaliation against any employee who raises an issue, a complaint or a concern in good faith. Our goal is to deal fairly and equitably with each employee.

Diversity

KBL affirms the principle of equal employment opportunity irrespective of any protected characteristic, including but not limited to:

- Race
- Religion
- National Origin
- Gender
- Age
- Disability
- Marital Status
- Ancestry

We practice and promote such policies at all locations as appropriate under the law. We affirm this principle of freedom from discrimination in all aspects of employment relationship, from recruitment and hiring through performance evaluation, compensation, promotions, etc. till the end of your employment with KBL. We base our actions strictly on individual ability, performance, experience and company needs. We avoid actions influenced by personal relationships and discriminatory practices of any kind. Our goal is to compensate personnel with wages, salaries, and other benefits in relation to their responsibilities, performance and services. KBL is also committed to adhering to wage, hour and minimum age guidelines provided by applicable laws. It is our endeavour to structure the content of jobs so that work provides personal satisfaction, challenge and growth.

Harassment

It is KBL policy to provide a work environment 'free from harassment'. "Harassment" mostly refers to sexual harassment but it may also include harassment based upon a person's race, religion, country of origin, gender, sexual preference, age, disability or other protected characteristics.

KBL prohibits harassment in any form, whether physical, verbal or by communication. Report such instances to your manager or to your Regional/Ethics Counsellor. Your report will be kept confidential to the best possible extent and no complainant or witness will suffer retaliation because of a report made in good faith.

Q: Most of your work is physically performed around a specific person who appears to be interested in you romantically. He/She often makes flirtatious remarks that make you uncomfortable and this individual tends to get a little too personal. So far you have ignored his/her behaviour, but lately, he/she has started calling you at home even at odd hours. One day, he/she asks you for a date. Should you report such behaviour?

A: Yes. You should report such behaviour to your supervisor/Human Resource Department. It may initiate a review and if necessary, an investigation.

Q: You report what you feel is harassment to your supervisor, but he doesn't appear to take your concern seriously. Do you have other options?

A: Yes. You can take the matter directly to Regional/Ethics Counsellor. If you prefer not to speak about such an issue face-to-face, you can utilise the KBL Ethics Helpline or the KBL Ethics Incident Reporting Website.

Health and Safety

We are committed to protect the health and safety of our employees, visitors and the public. Our policy is to maintain our facilities and run our business operations in a manner that does not jeopardise the occupational health and safety of employees. Compliance of these laws along with KBL policy is mandatory for all employees. Threats or acts of violence against KBL employees, temporary employees, independent contractors, customers, clients, partners, suppliers or other persons and/or property will not be tolerated. Every stakeholder of this company is required to act responsibly and report immediately, any potential threats or acts of violence in this regard. In case of an emergency, contact Corporate Human Resource Management Department.

Taxation

KBL expects all employees to pay income tax and professional tax on all income received from KBL, including taxes on income from the exercise of stock options (if any).

Employee Behaviour

KBL expects its employees to behave in a manner which fosters feeling of “Doing the Right Things in the Right Way”, thereby bringing synergy

in achieving results with a proper approach to business conduct. We expect all employees to respect other individuals’ dignity and behave in a manner which will promote a feeling of fairness among all employees. As an organisation we are committed to develop a culture which will nurture Ethical Behaviour among employees, which can be realised only through individual commitment and discipline.

KBL and its Customers

At KBL, conducting successful business with customers is based on strong relationships, mutual respect and trust towards our customers. To maintain and grow these relationships, we treat everyone in a way we would expect to be treated i.e. with fairness, honesty and respect. In our marketing and in our interactions with customers, we should always represent KBL products and services fairly and accurately. Our appeal in the marketplace must be based on the quality of our products, pricing and services, along with the competence and honesty of our product and sales presentations.

KBL and its Dealers

KBL will present only accurate data to dealers and adhere to the policies set-forth. All policies that are updated before their term will be done keeping the dealer informed. KBL will educate dealers so that they provide accurate information about our products and company to our clients.

KBL and Private Customers

KBL will deal fairly and transparently with private

clients and suggest suitable products and services based on their requirements. KBL will assist private clients if need be, during the initial phases of developing their project.

KBL and Government Customers

KBL will deal fairly and transparently with Government clients and suggest suitable products and services based on their requirements and assist them if needed.

KBL and Sales to Countries on the Restricted Trade List/Countries under Sanctions

KBL will not deal with countries on the Indian/ international restricted list without clearance from the concerned agencies.

KBL and Sales to NGO

KBL will deal fairly and transparently with NGO (Non-Governmental Organisations) and suggest suitable products and services based on their requirements and will also pass on special prices for this segment based on its CSR and Society policy.

KBL and its Subsidiaries

KBL and its subsidiaries shall provide customers with industry-leading solutions and services. The senior management team of each operating unit or subsidiary is responsible for ensuring that applicable legislations are complied with and requirements are appropriately communicated to their respective staff.

All present and future subsidiaries should adhere to high ethical standards, conduct business fairly and ethically, avoid engaging in any activity that involves even the appearance of impropriety and comply with all local applicable rules and regulations.

KBL and its Suppliers

KBL believes in maintaining open, transparent and ethical business dealings with all its suppliers and is committed to develop, maintain and foster long term relationship resulting into a 'Win-Win' situation for both parties.

- KBL expects its suppliers to ensure confidentiality of data and information shared by KBL, during the course of business. KBL also expects its suppliers to refrain from divulging confidential competitive information
- KBL follows ZERO based costing process and expects its partners to share detailed cost elements and have a common understanding of component costing
- Any change in purchase policy/transactional process/commercial terms/cost shall be discussed and agreed upon between KBL and its concerned suppliers. All such mutual agreements shall be documented and communicated for clear understanding and future reference
- KBL believes in sharing knowledge and learning with partners and also expects the partners to share their knowledge, expertise

and innovative ideas with KBL for mutual benefit

- KBL encourages its suppliers to participate in product/process design and improvement to enhance product performance and/or to reduce cost
- No KBL Employee shall ask a supplier for arranging paid hotel accommodation/hired transport, paid air/train bookings, implicit/explicit desire for a gift, etc.
- KBL expects its suppliers to:
 - comply with all applicable laws and regulations in their operations and also in the supply of goods and services to KBL
 - maintain appropriate remuneration as applicable in the region
 - avoid a child labour
 - avoid usage of toxic and non-bio degradable substance in products, packaging and processes

KBL encourages its suppliers to subscribe to the concern for environment, responsibility towards society and promotion of health and safety of all their stakeholders

KBL expects its suppliers to follow principles of honesty and fairness and avoid engaging in any activity that even involves appearance of impropriety

KBL is committed to maintain its part of contract, in letter and spirit, without any bias or prejudices

In case a supplier is harassed or asked for undue favours/bribe by a KBL employee, the supplier is encouraged to bring the case to the notice of Head-Materials, Head-HR, Head-Operations or Ethics Counsellor

Q: If my blood relative is a qualified service provider or a supplier of parts required by KBL, can he become a KBL supplier?

A: Yes. A close relative can be engaged to supply services/parts to KBL. Due care should be taken to ensure that the terms and conditions are not more lucrative than would be normally accepted for a third party supplier (Non-relative).

Q: I am visiting a city, where our supplier owns/ runs a hotel. Can I stay in his hotel?

A: Yes. You may stay in a hotel owned/run by our supplier. But normal room rent and other charges must be paid.

KBL and its Dealers

KBL shall communicate to its dealers about relevant aspects of the company's business and disclose such information in accordance with regulations and agreement.

The dealer shall strive to make a positive contribution, focus on customer satisfaction, and deal on behalf of the company, with professionalism, honesty, integrity as well as high moral and ethical standards.

The dealer shall comply with all applicable rules and regulations both in letter and spirit, in all the territories in which he operates.

Failure to adhere to the Code of Ethics could attract the most severe consequences including 'Termination of Agreement'.

KBL and Society

KBL is committed to use its facilities, technology and resources to advance education in innovative ways, promote diversity, enrich lives of communities and protect the environment. In balancing the needs of its business with the needs of the environment, KBL policy emphasises on maintaining its facilities and running its business operations in a manner that minimises any adverse impact on the environment. As an

example, we seek to reuse and recycle as many resources as we can. We must comply with all applicable environmental rules and regulations. We expect you to immediately report any instances of non-compliance with environmental rules and regulations to your local administrator or your Regional/Ethics Counsellor, else to the KBL Ethics Helpline or the KBL Ethics Incident Reporting Website.

A close-up, low-angle shot of a wooden gavel resting on a wooden block. The gavel has a dark, polished head with a silver band around the middle. The handle is made of light-colored wood and extends towards the right. The background is a warm, golden-brown color, suggesting a courtroom or a formal setting. The word "Enforcement" is written in white, sans-serif font across the middle of the image, partially overlapping the gavel's head.

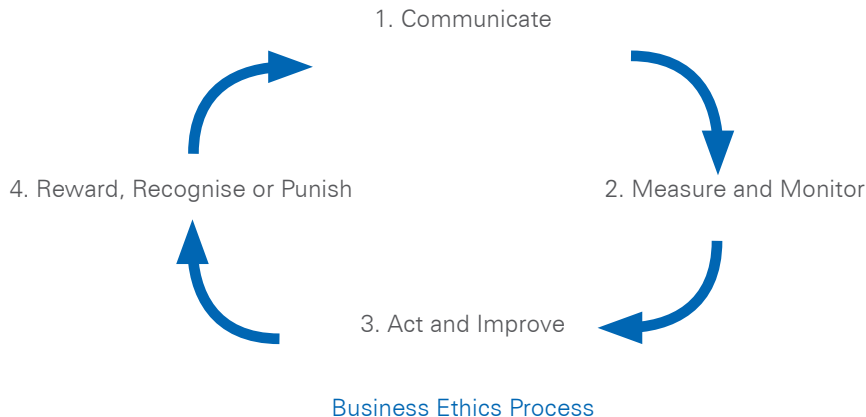
Enforcement

Enforcement

Appointment of the 'Ethics Counsellor' and 'Regional Ethics Counsellors'

KBL shall appoint one 'Ethics Counsellor' to ensure efficiency and effectiveness of all the mechanisms involved. He will be the Process Owner of all the subsequent mechanisms, processes and actions involved, to maintain and enrich an 'Ethnocentric Culture' in KBL. The Ethics Counsellor shall lead the Ethics Committee which

shall support him ably and competently. The Ethics Counsellor will have a team of Regional Ethics Counsellors identified and appointed across the global set-up of the organisation and will be made responsible for particular segments (geographical or functional). All these Regional Ethics Counsellors will report to the Head Ethics Counsellor for all relevant matters/cases.



The Enforcement Mechanism

1. Communicate

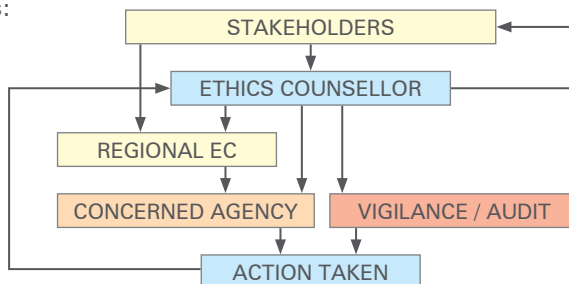
KBL has identified a Specific Mechanism for its stakeholders to communicate the values and the spirit of the KBL Code of Ethics and to create awareness and uniform understanding of the same.

Sr.No.	Stakeholder	Mechanism
1.	Employees	<ul style="list-style-type: none">• Top management team communicates through CMD online, etc.• Shop floor and Class-room programmes by Ethics Counsellors (EC)/Regional Ethics Counsellors (REC) for employees and workers• Print media (hoardings, inhouse journals, booklets, etc.)• Induction programmes for new entrants
2.	Suppliers / Dealers	<ul style="list-style-type: none">• Communication by top management during dealer and supplier meets• Ethics Counsellor's communication during dealer meets• Our website: www.kirloskarpumps.com• Training to dealers/distributors/suppliers/transporters, etc.
3.	Joint Ventures and Subsidiaries	<ul style="list-style-type: none">• Training to Ethics Counsellors of JV and Subsidiaries• Sharing of experiences• Central forum for Heads and Ethics Counsellors of Subsidiaries
4.	Society	<ul style="list-style-type: none">• Communication to employees' spouses• Communication to school children through awareness programmes• Display of KBL Code of Ethics for public at large on our website: www.kirloskarpumps.com
5.	Shareholders	<ul style="list-style-type: none">• Communication by CMD in the AGM• Communication of KBL Code of Ethics through printed material

2. Measure and Monitor

Sr.No.	Listening Post	Mechanism
1.	Concern Management	Channels for reporting concerns <ul style="list-style-type: none"> • Personal meets • ethics.helpdesk@kbl.co.in • Email to Regional/Ethics Counsellor • Written communication (can be an anonymous letter too) Measures <ul style="list-style-type: none"> • Number of concerns received from employees • Number of concerns received from other stakeholders
2.	Feedback	<ul style="list-style-type: none"> • Employees: Post training and communication • Suppliers/Vendors: Post supplier/vendor meets • Distributors/Dealers: Post distributor/dealer meets • Shareholders: Post AGM • Feedback mails on our website: www.kbl.co.in • Feedback mails on ethics.helpdesk@kbl.co.in
3.	Vigilance Check	<ul style="list-style-type: none"> • Vigilance/surprise check • Audit in sensitive areas
4.	Surveys	<ul style="list-style-type: none"> • Surveys conducted from time to time

Concern Management Process:



3. Act and Improve

Sr.No.	Stakeholder	Mechanism
1.	Employees	<ul style="list-style-type: none"> • 'Hamara Ethics Month' • Special communication drive to all RECs • Ethics process
2.	Suppliers/Vendors	<ul style="list-style-type: none"> • Supplier Relations Management Centre (SRMC) • Vigilance check before registration of new vendor • Direct feedback from our website: www.kirloskarpumps.com • Enhanced awareness programmes • Procurement manual
3.	Customers/Distributors/Dealers	<ul style="list-style-type: none"> • Visit to customer's work site • Talk to transporters • Talk to various distributors/dealers
4.	Others	<ul style="list-style-type: none"> • Create awareness among female employees about the Sexual Harassment Policy • Talk to Central Government Labor Department • Talk to families of employees, school students and Team KBL

4. Reward, Recognise or Punish

- Action taken on misconduct by employees/vendors
- Misconduct cases along with the concerned action taken being reported on Internet
- Reputation champions to be recognised in

functions/forums like open house, general dialogues etc.

- Best Departmental Ethics Co-ordinators rewarded by CMD in functions like Foundation Day, etc.
- Vendors rewarded for ethical conduct

Critical Success Factors

- Role played by the senior management as 'Role Models' - 'Demonstration by visible actions', 'leading efforts personally' and 'concocting a culture that promotes ethics'
- Creating policies and structures which will act as guidelines like procurement policies, gift policies and whistle blower policy, etc.
- Continuous communication of Business ethics at different forums and with all stakeholders
- Periodic structured review of ethical issues by the senior management

let's come together,
walk together



KIRLOSKAR BROTHERS LTD.



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Established 1888

GLOBAL HEADQUARTERS:

"YAMUNA", Survey No. 98/(3-7), Baner, Pune 411 045, INDIA.

Tel.: +91 20 2721 4444 Fax: +91 20 2721 1117

Website: www.kirloskarpumps.com

REGISTERED OFFICE:

Udyog Bhavan, Tilak Road, Pune 411 002. India.

Tel.: +91 20 2444 0770