



**Mercator Limited**

**Code of Conduct for Board of Directors & Senior Management Personnel**

**Applicability:**

This Code shall be applicable to:

1. Directors of Mercator Limited (hereinafter referred to as "the Company"). ;
2. Senior Management Personnel

**“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.”

**Scope:**

All Directors and Senior Management Personnel must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders / stakeholders.

With a view to maintain the high standards that the company requires the CODE should be observed in all the activities of the Company. The Company Secretary and the Compliance Officer shall monitor and coordinate implementation of this Code.

**Interpretation:**

The Board will handle all questions or interpretation falling under or relating to this Code. The Board may authorize any of its committee / person for this. They will have the authority to waive compliance with this Code of business conduct for any Director, officer or employee of the Company. The person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board or the designated person /committee.

**Honesty & Integrity**

All Directors and Senior Management Personnel shall conduct their activities, on behalf of the company and on their personal behalf, with honesty, integrity and fairness. They shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. They shall act in the best interests of the Company and fulfill their fiduciary obligations.

**Conflict of Interest:**

Directors on the Board of the Company and Senior Management Personnel shall not engage in any business, relationship or activity, which may be in conflict of interest of the Company.

There are various situations in which conflict of interest may arise. However, it is not possible to cover every such situation. Also, it will not be easy to distinguish between proper and improper activities. Given below are some of the common circumstances that may lead to a conflict of interest, actual or potential -Directors & Senior Management Personnel should not engage in any activity / employment that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the Company.



Directors & Senior Management Personnel and their immediate families should generally refrain from investments that compromise their responsibility to the Company.

Directors & Senior Management Personnel should avoid conducting Company business with a relative or with a Firm / Company in which a relative / related party is associated in any significant role.

If such related party transaction is unavoidable, it must be fully disclosed to the Board or to the Compliance Officer of the Company, notwithstanding that the same may technically not be a disclosure required within the meaning of the Companies Act.

**Other Directorships:**

The Company feels that serving on the Board of Directors of other Companies may raise substantial concerns about potential conflict of interest. And therefore, all Directors & Senior Management Personnel must report / disclose such relationships to the Board on an annual basis and within fifteen days as and when any change occurs in the same. It is felt that service on the Board of Directors of a Competitor is not in the interest of the Company.

**Concurrent Employment:**

In consideration of Executive Director & Senior Management Personnel in employment of the Company, he/she is expected to devote his/her full attention to the business interests of the Company. He/she is prohibited from engaging in any activity (unless disclosed to the Board and consent thereof is obtained) that interferes with his/her performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the interest of the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, Executive Director & Senior Management Personnel must disclose to the Company any interest that he/she may have, that may conflict with the business of the Company. Any Executive Director or Senior Management Personnel of the Company shall not, without the prior approval of the Board / Managing Director of the Company, as the case may be, accept employment or a position of responsibility (such as a Consultant or a Director) with any other Company, nor provide 'freelance' services to anyone.

**Compliance:**

Directors and Senior Management Personnel are required to comply with all the applicable laws, rules and regulations, both in letter and in spirit. In order to assist the company in promoting lawful and ethical behaviour, they must report any possible violation of law, rules, regulation or the Code of Conduct to the Compliance Officer.

**Confidentiality of Information:**

Any information concerning the Company's business, its customers, suppliers etc., which is confidential or not in the public domain and to which the Director or Senior Management Personnel has access or possesses such information, must be held in confidence, and should not be disclosed, unless authorized or legally required to do so. No Director or Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized or required under law.

**Insider Trading:**

Any Director or Senior Management Personnel of the Company shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the company, not in public domain and therefore constitutes insider information. They will comply with insider trading guidelines as issued by SEBI and prevention of Insider Trading Code as issued by the Company, from time to time.

**Special Consideration, Gifts, Gratuities, Fees & other Payments:**

It is inappropriate for a Director, or a Senior Management Personnel, or any of their immediate family Member to obtain special consideration or benefits in dealings with third parties as a result of such person's status as a Director or Senior Management Personnel of the Company. Accordingly, each Director/ Senior Management Personnel must ensure that dealings with third parties with whom company does business are concluded on terms that would generally be available to persons without the status of Director, or a Senior Management Personnel, or any of their immediate family Member.

They should refrain from any act that has the appearance of being a bribe, kickback or other illegal or improper payment, whether direct or indirect, to any person or entity for the purposes of (i) obtaining, retaining or directing business or (ii) affecting the conditions of doing business. Moreover, they must report any offer of a bribe, kickback or illegal and improper payment that they receive or learn of to the Compliance Officer.

No Director/ Senior Management Personnel or their immediate family member, should accept any gift, gratuity, fee or other payment of any kind if it is known or suspected that its purpose is to influence a transaction or such item is excessive or might cause embarrassment if its acceptance became known. Similarly, they should not offer any gift, gratuity, fee or other payment of any kind to a customer, potential customer, or related party of the Company for the purpose of, or appearing to have the purpose of, influencing any transaction between such entity and the Company. Any questions regarding the acceptability of an invitation of gift should be referred to the Compliance Officer.

**Protection of Assets:**

Directors and Senior Management Personnel must protect the company's assets and information and may not use these for personal use, unless approved by the Board.

**Company Funds:**

Every Director / Senior Management Personnel is personally responsible for all Company funds over which he or she exercises control. Company agents and contractors should not be allowed to exercise control over Company's funds. Company's funds must be used only for Company's business purposes. Directors/ Senior Management Personnel, agents and contractors must not use the Company's funds for any personal purpose.

**Periodic Review:**

Once in every year or upon revision of this Code, every Director/Senior Management Personnel must acknowledge and execute an understanding of the Code and an agreement to comply. New directors/Senior Management Personnel will sign such a deed at the time when their Directorship/Employment begins.

**Alignment on Political Matters:**

The Board members / senior management personnel shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. They shall not support, directly or indirectly, any specific political party or candidate for political office, without appropriate approvals. The Company shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign if it is violating any law.

**General duties of Directors:**

- (1) Subject to the provisions of the Companies Act, 2013, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.

**Code for Independent Directors:****(I) Guidelines of professional conduct:**

An independent director shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising his duties;
- c. exercise his responsibilities in a bona fide manner in the interest of the company;
- d. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. 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;
- f. 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;
- g. refrain from any action that would lead to loss of his independence;
- h. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i. assist the company in implementing the best corporate governance practices.

**(II) Role and functions:**

The independent directors shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of board and management;
- c. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. 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;
- h. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **(III) Duties:**

The independent directors shall:

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b. 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;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. strive to attend the general meetings of the company;
- f. 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;
- g. keep themselves well informed about the company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. 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;
- j. 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;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

### **IV. Separate Meetings:**



- a. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- b. All the independent directors of the company shall strive to be present at such meeting;
- c. The meeting shall:
  1. review the performance of non-independent directors and the Board as a whole;
  2. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  3. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **Amendment**

The provisions of this Code may be amended or modified by the Board of Directors from time to time and all such amendments/modifications shall take effect from the date stated therein.

### **Declaration of Compliance with the Code**

All Directors and the Senior Management Personnel shall affirm compliance with this Code within 30 days from the close of every financial year. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.