

**CHENNAI PETROLEUM CORPORATION LIMITED
CODE OF CONDUCT FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

1. INTRODUCTION:

- 1.1 This Code of Conduct (hereinafter referred to as the “**Code**”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel” of Chennai Petroleum Corporation Limited (hereinafter referred to as the “**Company**”).
- 1.2 This Code envisages that the Board of Directors of the Company (“**Board**”) and Senior Management Personnel (as hereinafter defined) (collectively referred to as “**Officers**”) must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.
- 1.3 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Officers by the shareholders of the Company. Officers are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.
- 1.4 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics to Department of Public Enterprise Guidelines on Corporate Governance, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The Officers should also review other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with this Code.
- 1.5 The Company currently has in place Conduct, Discipline & Appeal Rules, (the “**CDA Rules**”), which govern the conduct of all supervisory employees of the Company including Whole-time Directors but excluding Non Whole-time Directors. This Code has now been framed specifically in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. In respect of the Company’s Whole-time Directors and Senior Management Personnel, this Code is to be read in conjunction with CDA Rules.
- 1.6 The amended Code has come into force with effect from the date of approval of the Board.
- 1.7 All Officers should sign the acknowledgment form annexed as **Appendix I** hereto and return the form to the Company Secretary indicating that they have received, read, understood and agree to comply with the Code. All Officers shall be required to affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed hereto as **Appendix II**.

2. DEFINITIONS & INTERPRETATION

2.1 In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

“**Board**” shall mean the Board of Directors of the Company.

“**Board Members**” shall mean the Directors on the Board of the Company including the government directors and Non official part-time Directors i.e. independent directors.

“**Company**” shall mean the Chennai Petroleum Corporation Limited.

“**Government**” shall mean Govt. of India.

“**Independent Director**” shall mean the Board Members as defined under Section 2 (47) read with 149(5) of the Companies Act, 2013.

“**Non Whole Time Directors**” shall mean the Board Members who are part-time Directors and not in the whole time employment of the Company.

“**Officers**” shall collectively refer to the Board Members and the Senior Management Personnel.

“**Relative**” shall have the same meaning assigned to the term in Sections 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definition Details) Rules, 2013 – **Appendix III**.

“**Senior Management Personnel**” shall mean personnel of the Company who are members of its core management team excluding the Board of Directors and would comprise of all members of management one level below the Whole Time Directors, including head of departments directly reporting to Whole Time Directors.

“**Whole Time Directors**” shall mean the Board Members who are in the whole-time employment of the Company.

2.2 In this Code, words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

3. APPLICABILITY

3.1 This Code shall be applicable to the following persons:

- (i) Board Members; and
- (ii) Senior Management Personnel.

4. ETHICAL CONDUCT

4.1 Every Officer shall act within the authority conferred upon him by the Company and under applicable law, keeping the best interests of the Company in view and shall:

- (i) act with professionalism, utmost care, skill, diligence, honesty, good faith and integrity as well as high moral and ethical standards;
- (ii) fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;
- (iii) act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised;
- (iv) avoid conducting business with (a) a relative or (b) a private limited company in which he or his relative is a member or a director (c) a public limited company in which he or his relative holds 2% or more shares or voting right and (d) with a firm in which he or his relative is a partner, except with the prior approval of the Board;
- (v) avoid having any personal and/or financial interest in any business dealings concerning the Company;
- (vi) not engage in any business relationship or activity with anyone who is a party to a transaction with the Company;
- (vii) avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Company;
- (viii) not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company;
- (ix) not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board and the Board declines to pursue such opportunity;
- (x) not seek, accept, or offer or make, directly or indirectly, any gifts, illegal payments, remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of business save as otherwise provided under the CDA Rules;

- (xi) not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy.

5. **DUTIES OF INDEPENDENT DIRECTORS:**

The Independent Directors shall-

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
3. Strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the Company
6. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board Meeting;
7. Keep themselves well informed about the Company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
10. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

12. Acting within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;

13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

6. **DISCLOSURES**

6.1 Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Officer should be made to the Company. It is also incumbent upon every Officer to make a full disclosure of any interest which the Officer or the Officer's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with the Company.

6.2 With respect to related party disclosures, Board Members shall make disclosure to the Board and Senior Management Personnel shall make disclosure to the Managing Director under the provisions of Ind-AS 24 is annexed hereto as **Appendix IV**.

6.3 If an Officer fails to make a disclosure as required herein, and the Company of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Officer, the Company would take a serious view of the matter and consider suitable disciplinary action against the Officer.

7. **OTHER DIRECTORSHIPS**

7.1 Unless specifically permitted by the Chairman of the Board, Officers shall not serve as director of any other Company or as partner of a firm that is engaged in a competing business with the Company. This clause is not applicable to Non-Whole Time Directors.

7.2 Whole Time Directors shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, having competing interests with the Company within two years from the date of cessation of Directorship of the Company unless approved by the Government.

8. **INSIDER TRADING**

8.1 Every Officer shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company.

8. PUBLIC REPRESENTATION AND CONFIDENTIALITY OF INFORMATION

9.1 The Company honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorised Officers.

9.2 Any information concerning the Company's business, its customers, suppliers, etc. to which the Officers have access or which is possessed by the Officers, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) authorised by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

10. REGULATORY COMPLIANCE

Every Officer shall, in his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

11. HEALTH, SAFETY AND ENVIRONMENT

The Company and the Officers shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Officers shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

12. PROTECTION OF ASSETS

The Officers shall not misuse, for personal gain or otherwise, the assets of the Company, including tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc., and shall employ them for the purpose of conducting the business for which they are duly authorised.

13. ADDITIONAL REQUIREMENT FOR INDEPENDENT DIRECTOR

In addition to the compliance of this code, Independent directors are also required to adhere to the Code of Conduct (in line with Schedule-IV of Companies Act, 2013) meant for Independent Directors of the Company (Appendix-V).

14. **AMENDMENTS TO THE CODE**

The provisions of this Code can be amended and modified by the Board of Directors of the Company from time to time and all such amendments and modifications shall take effect from the date stated therein. All Officers shall be duly informed of such amendments and modifications.

15. **PLACEMENT OF THE CODE ON WEBSITE**

Pursuant to Regulation 46(2) of SEBI (Listing Regulation), 2015, this Code and any amendments thereto shall be posted on the website of the Company.

16. **ENFORCEMENT OF CODE OF CONDUCT**

Each Officer shall be accountable for fully complying with this Code.

17. **CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE**

17.1. In case of breach of this Code by the Non Whole Time Directors, the same shall be considered by the Board for initiating appropriate action, as deemed necessary.

17.2. In case of breach of this Code by the Whole Time Directors and Senior Management Personnel, the same shall be dealt with in accordance with the CDA Rules.

**CHENNAI PETROLEUM CORPORATION LIMITED
CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
ACKNOWLEDGEMENT FORM**

I, have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

Signature :

Name :

Designation :

Date :

Place :

CHENNAI PETROLEUM CORPORATION LIMITED

CODE OF CONDUCT
FOR
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ANNUAL COMPLIANCE REPORT*

I, do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ending 31st March

Signature :
Name :
Designation :
Date :
Place :

* To be submitted by 30th April each year.

CHENNAI PETROLEUM CORPORATION LIMITED
CODE OF CONDUCT FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

EXTRACT OF SECTION 2 (77) OF THE COMPANIES ACT, 2013

Meaning of “relative”

- 1. Relatives** - In accordance with Section 2 (77) of the Companies Act, 2013 read with related rules issued thereon including any statutory modification, amendment thereof as may issue from time to time, relative with reference to any person, means anyone who is related to another, if—
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
 - (a) Father: Provided that the term “Father” includes step-father.
 - (b) Mother: Provided that the term “Mother” includes the step-mother.
 - (c) Son: Provided that the term “Son” includes the step-son.
 - (d) Son’s wife.
 - (e) Daughter.
 - (f) Daughter’s husband.
 - (g) Brother: Provided that the term “Brother” includes the step-brother;
 - (h) Sister: Provided that the term “Sister” includes the step-sister;

CHENNAI PETROLEUM CORPORATION LIMITED
CODE OF CONDUCT FOR
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RELATED PARTY TRANSACTIONS

- a) As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related party transaction is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged or not.

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."

- b) As per the Companies Act 2013, Related Party Transaction includes the following transactions between the related parties:

sale, purchase or supply of any goods or materials;

selling or otherwise disposing of, or buying, property of any kind;

leasing of property of any kind;

availing or rendering of any services;

appointment of any agent for purchase or sale of goods, materials, services or property;

such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and Underwriting the subscription of any securities or derivatives thereof, of the company.

- c) The Accounting Standard 18 defines related party as - "parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions."

The Accounting Standard 18 deals only with related party relationships described below:

- (a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);

- (b) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) key management personnel and relatives of such personnel; and
- (e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

In the context of this Accounting Standard, the following are deemed not to be related parties:

- (a) two companies simply because they have a director in common notwithstanding paragraph (d) or (e) above (unless the director is able to affect the policies of both companies in their mutual dealings);
- (b) a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
- (c) the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process):
 - (i) Providers of finance;
 - (ii) Trade unions;
 - (iii) Public utilities;
 - (iv) Government departments and government agencies including government sponsored bodies

No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises. State-controlled enterprise means an enterprise which is under the control of the Central Government and/or any State Government(s).

CHENNAI PETROLEUM CORPORATION LIMITED

**CODE OF CONDUCT
FOR
INDEPENDENT DIRECTOR**

Schedule IV

[See section 149(8)]

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall -

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) Act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies,

advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

(1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

Ministry of Corporate Affairs vide notification dated 05/06/2015, has exempted the Government Company from the formal annual evaluation by the Board on its own performance pursuant to Section 134(3) (p) of the Companies Act, 2013, as the Directors are evaluated by the administrative Ministry i.e., Ministry of Petroleum and Natural Gas (MoP&NG), Government of India.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

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

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.