

PRISM CEMENT LIMITED

Code of Conduct for Directors

Introduction

The reputation and integrity of Prism Cement Limited are the valuable assets that are vital to the Company's success. Prism's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, management and employees and critical to the Company's success. Prism's standards for business conduct focus the Board and each Director on areas of ethical and legal standards vigorously as financial objectives are pursued, and help foster a culture of honesty, integrity and accountability. Consistent with these principles, Prism's Board has adopted this Code of Conduct as a guide to the high ethical and legal standards expected of its members. Each Director must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for Directors.

This Code requires certain disclosure to be made to the Company which will be considered privileged and will not be disclosed except under any legal requirement.

Guidelines

In performing their Board and Board Committee functions, Directors will:

- Act in accordance with the Articles of the Company subject to the provisions of the Companies Act, 2013 and its Rules thereunder, as may be amended from time to time.
- Act openly, honestly and 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 security holders, the community and for the protection of environment.

- Exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
- Provide leadership in advancing the Company's Vision, Values and Guiding Principles.
- Discharge their duties, as members of the Board and of any Board Committees on which they serve, in accordance with their good faith business judgment and in the best interests of the Company and its stakeholders.
- Shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly conflict, with the interest of the Company, except as may be permitted under the Companies Act, 2013 or any amendments thereto.
- Become and remain familiar with Prism's business and the economic and competitive environment in which the Company operates and understand Prism's principal business plans, strategies and objectives; operations, results and financial condition; and relative marketplace position.
- Commit the time necessary to prepare for, attend (in person or telephonically, as appropriate) and actively participate in regular and special meetings of the Board and of the Board Committees on which they serve.
- Submit requisite declarations as stipulated under the Companies Act, 2013 and applicable statutes, if any, to the Board / Company. Annually, and as when changes take place, inform the Chairman of the Board and the Company of their employment, other Board positions, details of and relationships with other business (including shareholdings) charitable, and governmental entities, and other events, circumstances or conditions that may interfere with their ability to perform their Board or Board Committee duties or impact the Board's assessment of whether they meet the independence requirements of the Stock Exchanges and the Securities and Exchange Board of India.

- Not enter into, without the prior approval of the disinterested members of the Board, any transaction or relationship with Prism in which they will have a financial or personal interest (either directly or indirectly, such as through a family member or other person or organisation with which they are associated), or any transaction or situation which otherwise involves a conflict of interest, except as may be permitted under the Companies Act, 2013 or any amendments thereto.
- Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates and shall be liable to pay an amount equal to that gain to the Company in case he is found guilty of making any undue gain.
- Not assign his office and any assignment so made shall be void.
- Maintain the confidentiality of all material non-public information about Prism, its business and affairs. The Board should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.
- Abide by all applicable laws and regulations and Prism's Code of Internal Procedures and Conduct for Prevention of Insider Trading.

Responsibilities of the Board

1. *Key functions of the Board*

The Board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.

- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework.

2. ***Other responsibilities***

- a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- b. The Board should set a corporate culture and the values by which executives throughout a group will behave.
- c. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
- e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.

- f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.
- g. The Board should be able to exercise objective independent judgement on corporate affairs.
- h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- i. The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.
- j. The Board should have ability to ‘step back’ to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
- l. Board members should be able to commit themselves effectively to their responsibilities.
- m. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.
- n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

Compliance

All Board members shall affirm compliance with this Code on an annual basis.