



**SONATA SOFTWARE LTD**  
**CODE OF CONDUCT**  
**FOR DIRECTORS AND SENIOR MANAGEMENT EMPLOYEES**

**1. Introduction**

This Code of Conduct (“the Code”) helps maintain the standards of business conduct of Sonata Software Limited together with its subsidiaries (“Sonata” or “Company”). This Code applies to all Directors and employees in Senior Management (i.e., employees in the cadre of Asst. Vice President and above) of Sonata Software Ltd and all its subsidiaries including but not limited to Sonata Information Technology Limited, Sonata Software North America Inc., Sonata Europe Limited, Sonata Software FZ LLC, Sonata Software GmbH and Sonata Software (Qatar) LLC, Halosys Technologies Inc., Rezopia Inc., Interactive Business Information Systems Inc., (“Officers”).

Sonata is committed to conducting its business in accordance with the applicable laws, rules and regulations with highest standards of business ethics. This Code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each Officer is expected to comply with the letter and spirit of this Code.

The Code is available on Company’s website at <https://www.sonata-software.com/corporate-governance-policies>

The Code was initially adopted by the Board of Directors at their meeting held on 11<sup>th</sup> January, 2005 and subsequent modifications have been adopted on 30<sup>th</sup> September, 2014 and 9<sup>th</sup> February, 2016.

**2. Principles of Conduct**

Officers will pursue the highest standards of ethical conduct in the interests of shareholders and all other stakeholders. In particular, every Officer:

- (a) must act honestly, in good faith and in the best interests of the Company.
- (b) has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (c) must use the powers of office for a proper purpose, in the best interests of the Company.
- (d) must not take improper advantage of his position in the Company.



- (e) should protect Company's assets and property and ensure its efficient use. Also must ensure that Company's assets are used for legitimate business purposes only.
- (f) must not compete directly with the business of the Company or with any business that the Company is considering.
- (g) has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- (h) should not engage in conduct likely to bring discredit upon the Company.
- (i) should not employ anyone below the legal age of employment.

### **3. Honest and Ethical Conduct**

An Officer must act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company's premises, at offsite locations where the Company's business is being conducted, or at any other place while representing the Company.

### **4. Prohibition of Bribery and Corruption**

Officers of the Company shall not, directly or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favours for the conduct of our business.

### **5. Equal Opportunity at Workplace**

The Company provides equal opportunities to all employees and aspirants for employment in the Company. The Company policy prohibits harassment of any kind based on gender, caste, religion, race or colour, marital status. The Company believes in equal work opportunities for all employees and does not condone favoritism at the workplace.

### **6. Sexual Harassment**

The Officers shall maintain a work environment free from sexual harassment, whether physical, verbal or psychological. Disciplinary action shall be taken against any Officer found in breach of this Code, which may include civil or criminal prosecution before competent Court of Law. Officers shall in addition to this 'Code' also adhere to the Company's Sexual Harassment Policy.



## **7. Gifts and Benefits**

An Officer must not obtain personal advantage from any person dealing with the Company. In particular an Officer must not accept any gifts, or inducements where the value of such could make it appear that the person giving is attempting to influence the Officer to gain advantage. Any such gifts or inducements received should be returned tactfully with the request that no gifts be forwarded in future. Officers of the Company may however, honour, accept and offer nominal gifts which are given customarily and are of a commemorative nature.

## **8. Related Parties**

As a general rule, the Officers should avoid conducting company business with a relative, or with a business in which a relative is associated in any significant role. Relatives include but are not limited to spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step-relationships and in-laws. If a related party transaction is unavoidable, the nature of such transaction must be communicated to the Company Secretary and Compliance Officer.

## **9. Insider Trading**

Insider trading is prohibited by both Law as well as by the Company's policy.

Directors and their relatives as also employees of the Company and their 'immediate family' shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company, which is not in the public domain and thus constitute insider information. Insider Trading invokes severe penalties under the Regulations issued in India under the Securities and Exchange Board of India (SEBI) Act, 1992. "Price sensitive information" is an information, which relates directly or indirectly to a Company and which, if published, is likely to materially affect the price of Securities of a Company. It is important to note that both positive and negative information could be price sensitive.

Further information on insider trading rules please refer Code of Conduct to regulate, monitor and report trading by employees and other connected persons which is available on the Company's internal portal.



## **10. Financial Reporting and Accounting Requirements**

The Company is required to follow strict accounting principles and standards, to report financial information accurately and completely in accordance with these principles and standards, and to have appropriate internal controls and procedures to ensure that our accounting and financial reporting complies with applicable law. The integrity of our financial transactions and records is critical to the operation of our business and is a key factor in maintaining the confidence and trust of our employees, security holders and other stakeholders.

## **11. Intentional Misconduct**

No Officer should intentionally misrepresent the Company's financial performance or otherwise intentionally compromise the integrity of the Company's reports, records, policies and procedures

## **12. Dealing with Auditors**

The Auditors have a duty to review our records in a fair and accurate manner. Every Officer is expected to co-operate with independent and internal auditors in good faith and in accordance with law. Also an Officer must not fraudulently induce or influence, coerce, manipulate or misled our independent or internal auditors regarding financial records, processes, controls or procedures or other matters relevant to their engagement.

## **13. Keeping the Audit Committee informed**

The Audit Committee plays an important role in ensuring the integrity of our public reports. If any Officer believes that a questionable accounting or auditing conduct or practices have occurred or are occurring then the same has to be brought to the notice of the Audit Committee.

## **14. Disclosure to the Regulators and the Public**

The Company's policy is to provide full, fair, accurate, timely and clear disclosures in reports and documents that we file with any statutory authorities and in other public documents. Accordingly it must be ensured that that the correct disclosure controls and procedures are followed.

## **15. Protecting the Company's Confidential Information**

The Company's confidential information is a valuable asset. The Company's confidential information includes product information, product plans and list of customers, dealers and employees and financial information. All confidential information must be used for Company's business purpose only. Every Director and Employee must safeguard confidential



information acquired during their association with the Company. Confidential information, includes all non-public information that might be of use to competitors, or harmful to the Company, if disclosed.

The Directors and Employees of the Company must maintain confidentiality of the information and shall not use confidential knowledge for their direct or indirect personal advantage or for the advantage of any other entity in which they have a direct or indirect interest.

#### **16. Fair Dealing**

An Officer shall deal fairly with customers, suppliers, competitors and employees of group companies. He should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices.

#### **17. Conflict of Interest**

A conflict situation arises:

- (a) when an Officer takes action or has interests that may make it difficult to perform his or her work objectively and effectively
- (b) the receipt of improper personal benefits by a member of his or her family as a result of one's position in the Company
- (c) any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company
- (d) the receipt of non-nominal gifts or excessive entertainment from any person/Company with which the Company has current or prospective business dealings
- (e) any significant ownership interest in any supplier, customer, business associate or competitor of the Company
- (f) any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company

Each Officer should be scrupulous in avoiding "conflicts of interest" with the Company and must act at all times solely in the interests of the Company to the exclusion of all other considerations. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Board of Directors or to designated person/committee and a prior written approval should be obtained.



## **18. Compliance with Laws, Rules and Regulations**

An Officer shall comply with all applicable laws, rules and regulations. Any Officer who is unfamiliar or uncertain about the legal rules involving Company business conducted by him/her should consult the secretarial department of the Company before taking any action that may jeopardize the Company or that individual.

If any Officer who knows or suspects of a violation of applicable laws, rules or regulations or this Code, he/she must immediately report the same to the Board of Directors or any designated person/committee thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

## **19. Vigil Mechanism Policy**

The matters covered in this Code are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. The Company will ensure prompt and consistent action against violations of this Code. We expect all of our Officers, to adhere to these rules in carrying out their duties for the Company.

If, after investigating a report of an alleged prohibited action by any Officer, the Audit Committee determines that a violation of this Code has occurred, the Audit Committee will report such determination to the Board.

Any violation of laws, rules, regulations or the Company's Code of Conduct must be reported to the Ethics Committee by sending an email to [whistleblower@sonata-software.com](mailto:whistleblower@sonata-software.com). A protected disclosure can also be addressed to the Compliance Officer of the actual or possible violation of the 'Code' with a reasonable evidence to conclude that a violation is possible or has taken place.

## **20. Monitoring Compliance**

Each Officer of the Company is expected to monitor his or her personal compliance with this Code.

The Company Secretary and Compliance Officer will be responsible for monitoring the compliances under this Code. Any violation under this Code will be reported to the Board. Violations of this Code will result in disciplinary action, which may even include termination of services of the employee. The Board or any Committee/person designated by the Board for this purpose shall determine appropriate action in response to violations of this Code.



Officers are required to sign the acknowledgement form, **Annexure 2** of this Code and return the form to the Company Secretary and Compliance Officer indicating that you have received, read, understood and agree to comply with its terms. The signed acknowledgement form will be saved and archived as part of Company records.

Officers will also have to give an annual affirmation in the month of April in **Annexure 3** of this Code as an acknowledgement of your continued understanding of the Code.

## **21. Interpretation of the Code**

Any question or interpretation under this Code, will be handled by the Company Secretary and Compliance Officer or any person/committee authorized by the Board of the Company. The Board has the authority to waive compliance with this Code for any Officer. The person seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board.

## **22. Modifications**

The Company is committed to continuously reviewing and updating the policies and procedures based, in part, on our periodic assessment of the Company's risks. Therefore, this Code will be periodically revised and is subject to modification. Any amendment or waiver of any provision of this Code must be approved in writing by the Company's Board and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment or waiver.



## **Annexure 1**

### **Additional provisions for Independent Directors**

- i) Every Independent Director shall ensure the compliance with the guidelines of professional conduct, role and functions and duties and other matters as mentioned in the Code for Independence Directors in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. The code of Conduct of Independent Directors as prescribed in Schedule IV of the Companies Act, 2013 has been adopted by the Board of Directors in their Meeting held on 26th May, 2014.
- ii) An independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- iii) Duties of Independent Directors as prescribed under the Companies Act,2013:

Every Independent Director 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 behavior, actual or suspected fraud or violation of the Company's code of conduct;
- 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.



**Annexure 2**

**FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF CONDUCT**

*I have received and read the Company's Code of Conduct. I understand the standards and policies contained in the Company's Code of Conduct and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to comply with the Company's Code of Conduct.*

*If I have questions concerning the meaning or application of the Company's Code of Conduct, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager or the Company Secretary or Secretarial Department, knowing that my questions or reports to these sources will be maintained in confidence.*

\_\_\_\_\_  
*Employee Name*

\_\_\_\_\_  
*Employee No*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

*Please sign and return this form to the Secretarial Department.*



**Annexure 3**

**FORM OF AFFIRMATION OF COMPLIANCE OF CODE OF CONDUCT**

*I have duly complied with the Code of Conduct for Directors and Senior Management Employees during the financial year \_\_\_\_\_.*

\_\_\_\_\_  
*Employee Name*

\_\_\_\_\_  
*Employee No*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

*Please sign and return this form to the Secretarial Department.*