

## **BUSINESS ETHICS & CODE OF CONDUCT ( THE CODE)**

### **INDIA FOILS LIMITED**

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## **India Foils Limited on Business Ethics**

IFL's reputation is our most valuable asset. How we conduct ourselves day to day- with each other, our customers, our suppliers, our competitors and our shareholders – is the basis of our reputation. Our Customers and other stakeholders expect us to maintain the highest ethical standards, to fulfill our commitments and to act with complete integrity. Our reputation is important and we must do everything to protect it by making sure that our actions and policies are not only legal, but also in line with the highest level of business ethics and personal integrity.

Uncompromising business ethics are an integral part of IFL's values and of our way of doing business. We should be honest in every situation and ethical in all our business practices. Our reputation is determined by the smallest fraction.

The code is an important part of IFL's mission & values, where we highlight principles and standards for our global business conduct. The code guides our behaviour and helps us to promote:

- honest and ethical conduct, the ethical handling of conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that IFL files with or submits to relevant authorities and in other public communications;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to an appropriate person or persons identified in this Code;
- accountability for adherence to this Code.

The code expresses the principles of our business ethics and is intended to assist all directors, officers and employees in meeting the high standards of personal and professional integrity required of them. Strict adherence to the provisions of this Code is a condition of employment.

IFL as Company and its employees must conform to the Code. All IFL managers should take an active role in implementation and ensuring that the Code is communicated and kept alive under all circumstances.

## **IFL Business Ethics Standards**

High business ethics and integrity by letter and spirit ensures our credibility

### **IFL demands the highest standards in carrying out the business activities:**

IFL as Company and all its employees shall conform to the relevant laws and regulations of the state in which they operate and fulfill their obligations in a reliable manner. They must insist on honesty and fairness in all aspects of their business and expect the same from their partners. In any situation not governed by statute or explicit regulations, or where the law is ambiguous or conflicting, IFL's affairs will be conducted in accordance with its high standard of business practice.

As IFL operates internationally it may encounter laws and customs applicable in one country that conflict with the laws of another. In all such situations the matter should be referred to the Chairman/Board of Directors for advice.

### **Breaches of the law, regulations or the IFL's standards are not justified by the pursuit of profit and**

### **Activities are not made acceptable merely by the practice of competitors or others in the market.**

IFL shall also responsibly comply with the business principles guiding our company activities and relationship worldwide.

Company subscribes to the basic principles in the International Chamber of Commerce, ICC, Rules of Conduct, 1999 Revised Edition (Annexure-I) and the Organization of Economic Co-operation and Development (OECD) Convention 1997 (Annexure II).

## **Business Ethics – The Code**

IFL expects all its employees to uphold the highest standards of ethical behaviour and integrity. We believe that ethical and economic values are interdependent and that the business community must always strive to operate within the accepted norms established by national and international authorities.

### **Guidelines**

- Apply “zero” tolerance in assuring strict adherence to local and international laws and regulations as well as to IFL ethical standards.
- Ensure all IFL business transactions are fully and fairly recorded according to the company’s accounting principles.
- Ensure continuous training and awareness for employees on how to handle ethical issues, as well as timely advice and guidance.
- Regularly monitor ethical conduct and ensure that accessible systems are in place for employees or others to report potential violations.

## **Business Relationship:**

### **Customer Identification:**

IFL believes in exercising due care and diligence in establishing business relations with its customers and counter parties.

Our employees must adhere to the key principle of customer identification. The identity of every customer must be established from reliable identifying source or materials or documents.

**Suppliers:**

IFL has high stakes in the procurement of goods and services. We recognize that we need to manage this expenditure from social, ethical and environmental perspective by ensuring that our suppliers meet our high standards for responsible behaviour. To achieve this aim-social, ethical and environmental considerations will become integral part of how we evaluate and select our suppliers.

**There are two areas of focus for procurement activity;**

**Ethics:** We are highly ethical company. We expect our suppliers to be ethical too. Our procurement processes aim to surface ethical issues. Where serious ethical issues are identified; supplier will be excluded from doing business with us.

**Environment:** Our procurement process will ensure that we take all possible steps to make sure our suppliers don't unnecessarily impact the environment in the way they produce, consume and dispose off materials. We aim actively to ensure that due regard is given to each of these issues in every managed procurement by IFL.

## **Conflicts of Interest**

An employee's primary employment obligation is to the Company. IFL Employees shall avoid entering into any situation in which their personal or financial interests may conflict with those of the Company.

No IFL employee shall seek or accept any payment, personal gift or entertainment which might reasonably be believed to influence business transactions or which are not within the bounds of customary business hospitality.

*General Principles:* Business decisions and actions must be based on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgement on behalf of the Company. General guidelines to help employees better understand several of the most common examples of situations that may cause a conflict of interest are listed below. However, employees are required to disclose to the Company / Board of Directors any situation that may be, or appears to be, a conflict of interest. *When in doubt, it is best to disclose.*

*Senior officers:* Senior officers must disclose to the board of directors any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

*Outside Employment:* Employees may not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without the advance approval of the Chairman/ Board. Any outside activity must be strictly separated from the Company/ Group employment and should not harm the Company's interests, the business of the Company or job performance at the Company.

*Family Members and Close Personal Relationships;*

Employees may not seek to obtain special treatment from the Company for family members or friends or for businesses in which family members or friends have an interest.

*Investments:* Employees may not allow their investments to influence, or appear to influence, their independent judgement on behalf of the Company. The appearance of a conflict of interest is most likely to arise if an employee has an investment in a competitor, supplier, customer, or distributor and his decision may have a business impact on this outside party. If an employee has any doubt about how an investment might be perceived, it should be disclosed to the Chairman/Board of Directors.

IFL expects from its employees a sound level of allegiance to the Company. This includes adherence to the non-competing ethics by persons possessing significant confidential information.

## **Confidentiality and Protection of Assets**

An employee is required to keep confidential or not to disclose or use the confidential information belonging to the Company or belonging to a third party, which has been received by IFL pursuant to a confidentiality agreement or received by Sterlite in circumstances where it is clear/ evident that the information is proprietary and confidential. Further more, employees shall comply with the terms of all confidentiality or other agreements relating to information received from third parties. The foregoing shall not apply where the disclosure is made with the written consent of IFL or where law requires the disclosure. Such confidential information must be given up to the Company when the employee leaves the Company's employment.

The following is a non-exclusive list of confidential information:

- (a) the financial and sales results of the Company, before they are in the public domain.
- (b) Trade secrets, including any business or technical information, such as formulae, recipes, process, research programmes or information that is valuable because it is not generally known.
- (c) Any invention or process developed by an employee using IFL's facilities or trade secret information resulting from any work for IFL, or relating to the Company's business.
- (d) Proprietary information such as customer sales lists and customer's confidential information.
- (e) any transaction that the Company is or may be considering which has not been publicly disclosed.

### **Corporate Opportunities**

No employees, officer or director of the Company shall for personal or any other person's or entity's gain deprive the Company of any business opportunity or benefit which could be construed as related to any existing or reasonably anticipated future activity of the Company.

Employees are prohibited from:

- (1) taking for themselves personally opportunities that are discovered through the use of the Company's property, information or position;
- (2) using Company's property, information or position for personal gains; and
- (3) competing with the Company.

Employees who learn of such opportunity through their association with the Company may not disclose it to a third party or invest in the opportunity without first offering it to the Company.

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **Insider Trading**

The Officers and directors of the Company have a responsibility to take reasonable steps to ensure that the officers, directors and employees of the Company are not engaging in improper insider trading. The Company's Insider Trading Policies provide that no employee of the Company or member of his/her immediate family sharing the same household shall directly or indirectly purchase or sell any securities of the Company while he/she is in possession of material non-public information affecting the Company. Also, employees may not 'tip' others about important

information regarding the Company, and in general should keep information pertaining to the Company, confidential. Failure to comply with the Code could result in disciplinary action by the Company and severe criminal and civil penalties.

### **Fraud**

IFL is committed to the elimination of fraud, to the rigorous investigation of any suspected cases of fraud, and, where fraud or other criminal act is proven, to ensure that wrong doers are appropriately dealt with.

### **Bribery and Corruption**

IFL as company or employee shall not offer or provide an undue monetary or other advantage to any person or persons, including public officials, customers, employees in violation of laws and the officials "or employees" legal duties, in order to obtain or retain business.

### **Intermediaries**

Agreements with consultants, brokers, sponsors, agents or other intermediaries shall not be used to channel payments to any person or persons, including public officials or customer employees and thereby circumvent IFL polices regarding bribery and corruption.

### **Political Contributions**

No funds or assets of the Company may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office except where such a

contribution is permitted by applicable law and has been authorized by the Chairman/ Whole Time Director.

### **Antitrust Compliance**

IFL is committed to fair and open competition in markets around the world. IFL and employees shall under no circumstances engage in any anti – competitive practices such as illegal fixing of prices, sharing of markets or other actions, which prevent, restrict or distort competition in violation of applicable antitrust laws.

### **Health, Safety and Environment**

The Health and safety of our employees and any other person who may be affected by the Company's operations is of paramount importance. The Company and its employees shall act positively to prevent injury, ill health, damage and loss arising from its operations as well to comply with all regulatory or other legal requirements pertaining to safety, health and the environment.

All employees of the Company are required to be aware of health, safety and environmental issues and to be familiar with applicable laws and Company's policies applicable to their area of business/ work.

### **Disclosure and Records**

All IFL business transactions must be fully and fairly recorded in accordance with IFL's accounting principles and other appropriate requirements. Improper or fraudulent documentation or reporting is contrary to the requirements and IFL's philosophy and Code.

IFL has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Company's financial condition and results of its operations. All public communications, including reports and documents filed or submitted to relevant statutory authorities shall include full, fair, accurate and understandable disclosure and shall be made in a timely manner.

### **Violations and Corporate Policies**

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with the policies governing the Company's business dealings. Compliances, both personal and by subordinates, will be a factor in periodic performance appraisals. Violations of any of the policies will result in appropriate action, up to and including, discharge from employment. An individual or individuals may also face civil or criminal penalties.

### **Responsibility and Implementation**

IFL is a decentralized Company with its units having a wide freedom to take their own decisions on various business issues.

The standards addressed in IFL's Mission & Values and the code represent the core of the Company's culture and commitment. Company wide uniform compliance is essential – every employee is responsible for upholding these principles.

#### *Additional Responsibility of Directors and Senior Officers:*

Directors and senior officers are expected to demonstrate leadership on ethical matters and to observe the highest standards of ethical conduct. These individuals are responsible for promoting open and honest communications within the Company and must show respect

and consideration for each employee of the Company. They must at all times be diligent in observing this Code and in being alert for instances of unethical or illegal conduct.

The members of the Board/Vice Presidents/Senior Managers/Company Secretary all are advised to implement and oversee Company's Business Ethics and Code of Conduct.

### Whistle Blowing

IFL takes a very serious view of any fraudulent behaviour, serious malpractices or any other violation of this code. If evidence of such occurrence comes to light, it will be dealt with quickly and disciplinary action will be taken against any employee found guilty of such actions. The disciplinary action taken will be appropriate to the violation, up to and including dismissal.

Any employee who suspects or has reasonable doubts of any such violation of this Code or other serious misconduct is encouraged to report the same. Such an employee who reports such violation/misconduct shall be protected from reprisals and his confidentiality shall be maintained. Any victimization of employees reporting malpractices or attempt to deter them from raising such a concern will be treated as a serious disciplinary offence.

*Reporting Procedure:* If any employee reasonably suspects that there are violations of this Code or other serious misconduct, then he/she should report this immediately to their own line manager (immediate superior). However, if for any reason they are reluctant to do so, then they should report their concerns to one of the following managers, specially designated for this purpose;

Chairman / Any other Directors/Company Secretary/ Head of HR:

## **Administration and Waiver of Code Ethics**

This Code shall be administered and monitored by the Company's board of directors. Any questions and further information on this Code should, in the first instance, be directed to the Chairman/Company Secretary/ Head of HR:

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Employees of the Company are expected to follow this Code, and to represent the Company in a responsible manner in all regions/territories, at all times. Generally, there should be no waivers to this Code. However, in rare circumstances conflicts may arise that necessitate waivers. Waivers will be determined on a case-to-case basis by the Board of Directors of the Company who may consult Company's Legal Counsel.

The Board of Directors however, must determine waivers for Directors, executive officers and senior financial officers. For members of the Board of the Directors, executive officers and senior financial officer, the Board of Directors shall have the sole and absolute discretionary authority to approve any deviation or waiver from this Code.

Conclusion

Ethics is no longer a luxury – it is an essential ingredient for a success of any enterprise. Ethics is a need to save us, to make us competitive in the world market.

The code provides the framework for all of us to live our Values as outlined in the Basic Elements.

“Our people make the difference. We treat people with respect, fully utilize their potential and promote diversity. We conduct our business

in an ethical and environmentally friendly manner, complying with the laws and providing a safe and satisfying work culture.”

This Code shall be reviewed on regular intervals to ensure it remains applicable to the challenges we face in a dynamic business environment.

## ANNEXURE - I

### **ICC- International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery**

#### **Introduction**

These Rules of Conduct are intended as a method of self-regulation by international business, and governments should also support them. Their voluntary acceptance by business enterprises will not only promote high standards of integrity in business transactions, whether between enterprises and public bodies or between enterprises themselves, but will also form a valuable defensive protection to those enterprises which are subjected to attempts at extortion.

These Rules of conduct are of a general nature constituting what is considered good commercial practice in the matters to which they relate but are without direct legal effect. They do not derogate from applicable local laws, and since national legal systems are by no means uniform, they must be read *mutatis mutandis* subject to such systems.

The business community objects to all forms of extortion and bribery. It is recognized, however, that under current conditions in some parts of the world, an effective programme against extortion and bribery may have to be implemented in stages. The highest priority should be directed to ending large-scale extortion and bribery involving politicians and senior officials. These represent the greatest threat to democratic institutions and cause the gravest economic distortions. Small payments to low-level officials to expedite routine approvals are not condoned. However, they represent a lesser problem.

When extortion and bribery at the top levels is curbed, government leaders can be expected to take steps to clean up petty corruption.

### **Basic Principle**

All enterprises should conform to the relevant laws and regulations of the countries in which they are established and in which they operate, and should operate, and should observe both the letter and the spirit of these Rules of Conduct.

For the purposes of these Rules of Conduct, the term “enterprise” refers to any person or entity engaged in business, whether or not organized for profit, including any entity controlled by a State or a territorial subdivision thereof; it includes, where the context so indicates, a parent or subsidiary.

### **Basic Rules**

#### **Article 1 : Extortion**

No one may, directly or indirectly, demand or accept a bribe.

#### **Article 2: Bribery and “Kick backs”**

- a) No enterprise may, directly or indirectly, offer or give a bribe and any demands for such a bribe must be rejected.
- b) Enterprises should not (i) kick back any portion of a contract payment to employees of the other contracting party, or (ii) utilize other techniques, such as subcontracts, purchase orders or consulting agreements, to channel payments to Government officials, to employees of the other contracting party, their relatives or business associates.

#### **Article 3: Agents**

Enterprise should take measures reasonably within their power to ensure:

- a) that any payment made to any agent represents no more than an appropriate remuneration for legitimate services rendered by such agent;
- b) that no part of any such payment is passed on by the agent as a bribe or otherwise in contravention of these Rules of conduct:  
and
- c) that they maintain a record of the names and terms of employment of all agents who are retained by them in connection with transactions with public bodies or State Enterprises. This record should be available for inspection by auditors and, upon specific request, by appropriate, duly authorized governmental authorities under conditions of confidentiality.

#### **Article 4: Financial Recording and Auditing**

- a) All financial transactions must be properly and fairly recorded in appropriate books of account available for inspection by boards of directors, if applicable, or a corresponding body, as well as, auditors.
- b) There must be no “off the books” or secret accounts, nor may any documents be issued which do not properly and fairly record the transactions to which they relate.
- c) Enterprises should take all necessary measures to establish independent systems of auditing in order to bring to light any transactions, which contravene the present Rules of Conduct. Appropriate corrective actions must then be taken.

#### **Article 5: Responsibilities of Enterprises**

The board of directors or other body with ultimate responsibility for the enterprise should

- a) take reasonable steps, including the establishment and maintenance of proper systems of control aimed at preventing

any payments being made by or on behalf of the enterprise which contravene these Rules of Conduct.

- b) Periodically review compliance with these Rules of Conduct and establish procedures for obtaining appropriate reports for the purposes of such review; and
- c) Take appropriate action against any director or employee contravening these Rules of Conduct.

**Article 6: Political Contributions**

Contribution to political parties or committees or to individual politicians may only be made in accordance with the applicable law, and all requirements for public disclosure of such contributions shall be fully complied with; All such contributions must be reported to senior corporate management.

**Article 7: Company Codes**

These Rules of Conduct being of a general nature, enterprises should, where appropriate, draw up their own codes consistent with the ICC Rules and apply them to the particular circumstances in which their business is carried out. Such codes may usefully include examples and should enjoin employees or agents who find themselves subjected to any form of extortion or bribery immediately to report the same to senior corporate management. Companies should develop clear policies, guidelines, and training programmes for implementing and enforcing the provisions of their codes.

## **ANNEXURE- II**

### The Organization for Economic Co-operation and Development (OECD) Convention

On December 17, 1997, representatives of 34 states signed a new convention on combating Bribery of Foreign Public Officials in International Business Transactions. The Convention was negotiated under the auspices of the OECD; signatories include all 29 member states of the OECD (including the United States) as well as five non-members. According to the Preamble to the Convention, the goal of the agreement is to combat the “widespread phenomenon” of bribery in international business transactions. As the preamble puts it, bribery “raises serious moral and political concerns, undermines good governance, economic development, and distorts international competitive conditions”.

Article 1 of the Convention obliges states to criminalise certain forms of bribery. Article 1(1) provides: Each party shall take such measures as may be necessary to establish that it is a criminal offence under its law for any person intentionally to offer, promise or give any pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.

The crux of the convention is that while each company should respond in a way that meets its own specific needs, the following four steps will apply to virtually every company engaged in international commerce.

### **1, Review sources of risk**

Given the rapid changes in the ways that many companies are doing business, every company should evaluate – and periodically re-evaluate its potential sources of FCPA (Foreign Corrupt Practices Act) problems. Most issues arise from the activities of sales personnel, local sales agents, local business consultants, and joint venture partners. Other problems may result from business entertainment practices or from local litigation and tax assessment matters. Companies should consider whether its policies and procedures are adequate to address its current and anticipated risks.

### **2. Educate corporate personnel about the convention and the FCPA.**

Merely circulating a policy, without more, does little to assure that the employees who may encounter potential FCPA (Foreign Corrupt Practices Act) problems will recognize the significance of the situation and seek appropriate guidance. Periodic training sessions, including efforts to train new employees, can reduce the chance that a violation will occur. Such training should not overlook foreign-based employees, who have a particularly great need to know that the laws of many countries have changed to prohibit the bribery of foreign officials. While this may not change the substance of the legal requirements that apply to these individuals, they should understand that enforcement efforts could come from sources other than home country.

### **3. Re-examine anti-bribery monitoring mechanisms.**

Even the most carefully drafted policy cannot be effective in preventing violations without procedures to monitor and enforce compliance. This may require some form of periodic auditing,

supplemented by annual certifications from relevant personnel that they have adhered to the policy.

Most importantly, indications of potential violations should be investigated and resolved, with appropriate remedial and disciplinary action, if necessary. Just as implementation of the Convention depends upon credible enforcement, Corporate personnel need to know that senior management will insist upon compliance with company anti-bribery policies.

4. Review anti-bribery compliance obligations with regard to joint venture partners.

Given the large number of nations that have joined the OECD Convention, the laws applicable to joint venture partners are likely to have changed. Any new legal obligations of joint venture partners should be discussed directly, with a clear focus on the partner's intentions for compliance mechanisms. While a joint venture partner may violate its domestic anti-bribery law in a way that does not implicate its offshore partner, little good can come of an investigation of the joint venture by foreign authorities.

**To: The Chairman/Whole Time Director**

**Subject : Business Ethics & Code of Conduct (The Code)**

I, \_\_\_\_\_ an officer of the Company, do hereby acknowledge that I have received a copy of Business Ethics & Code of Conduct (The Code) of the Company and I have read and have understood the gravity of its contents. Further, I understand that those reporting to me, as well as, myself are under obligation to The Code.

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

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

**Title/Designation** : \_\_\_\_\_  
**Company/Unit Name** : \_\_\_\_\_  
**Department** : \_\_\_\_\_  
**Location Address** : \_\_\_\_\_

**Please sign, detach this page and return to the HR department.**

**The Chairman/Board/Company Secretary/Head-HR may, from time to time, issue interpretive memoranda with respect to issues arising under this Code.**