

# Code of Conduct



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# Section 1: Preface

## 1.1 About the Code of Conduct

The Code of Conduct ("The Code") pertains to Zuari Industries Limited ("The Company") and has been divided into four key sections namely:

**Section 1:** Contains details on the Company's values and culture in maintaining high standards with regards to its Code of Conduct.

**Section 2:** Addresses the main content of the policy. The Code is applicable to all employees and business associates unless specifically mentioned in the specific Codes.

**Section 3:** Includes details such as implementation framework and roles and responsibilities of the different committees governing this policy. It also covers implications for any violation

**Section 4:** Provides the definitions and templates.

## 1.2 Our Values

Our reputation and ability to sustain and grow our business, while complying with applicable laws, depends on the integrity and upright behaviour of each one of us. The Code seeks to ensure that we conduct our business and relationships with honesty, integrity, fairness, transparency and responsibility. It forms the basic tenet of our business operations.

This Code lays down a set of expectations and desired behaviour for Company's employees and business associates. It is expected that all understand this Code and uphold these Codes in their day-to-day activities and interactions.

## 1.3 Applicability

- The Code applies to Group 1, Group 2, Group 3, Other Employees and Business Associates as defined below:

Groups	Inclusion
Group 1	Group 1 shall include all employees within the grades M0 and M1 (Executive President, Vice Presidents and General Managers).
Group 2	Group 2 shall include all employees within the grades M2, M3 and M4 (Deputy General Managers, Chief Managers and Senior Managers).
Group 3	Group 3 shall include all employees within the grades M5, M6 and M7 (Managers, Assistant Managers, Officers) and G6, G7, G8 and G9 of Non Management Staff which includes confidential stenographers, and other administrative and operative assistants of various departments.
Other Employees	Other Employees shall include all other employees that have not been covered under Group 1, Group 2 and Group 3 as defined above and shall not include contracted labour.
Business Associates	Business Associates include all customers, agents, dealers, suppliers and other vendors that conduct business with Zuari.

- The Code supersedes all other such Codes, policies, procedures, instructions, practices, rules and written or verbal representations to the extent they are inconsistent
- The Code will be subject to periodical review
- Where the Code is silent, open to interpretation and requires specific guidance and direction from the management, employees should talk to their immediate supervisor and /or Head of HR

# Section 2: Codes of conduct

## 2.1 Honesty & Integrity

All employees and business associates are required to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. Honest conduct is the conduct that is free from any fraud, deception and indiscipline. Ethical conduct is the conduct conforming to the accepted professional standards of conduct and shall include ethical handling of actual or apparent conflicts of interest between personal and professional relationships. The employees are required to be aware of and be compliant with all Company policies and procedures applicable in the performance of the day-to-day activities. They should also be vigilant of any non-compliance and report such non-compliance as per this Code.

## 2.2 Conflict of Interest

Conflict of interest is a basic concept of business ethics. It exists where the interests or benefits of an employee or a business associate conflict, directly or indirectly, with the interests or benefits of the Company. In consideration of employment with the Company, all employees are expected to devote full attention to the business interests of the Company. Employees are prohibited from engaging in any activity that interferes with their performance or responsibilities in the Company or is otherwise in conflict with or prejudicial to the Company.

## Examples:

- An employee or his/her family member has a significant financial interest in an entity that has dealings with the Company, and the employee is in a position to influence any business dealings such as a decision to select vendors or agents
- An employee or his/her family member has a significant financial interest in a Company that competes with the Company
- A family member is a director, officer, employee or consultant in a Company that has business dealings with or competes with the Company
- Participation of an employee as an owner, partner, director, officer, employee, consultant or promoter in an outside business, related or unrelated to the business of the Company, prevents him/her from devoting full time to the job
- Participation to legislative assembly, parliament, local bodies and consequently holding position of Member of Legislative Assembly, Member of Parliament, Chairman / Member of Panchayat / Local Body or any such other position which would prevent an employee from devoting full time to the job





**Do's:**

- An employee should declare to the Head of HR, every year, in writing in the format available with the HR department about any outside business interests that he/she or his/her family members have if these interests create or even appear to create a conflict of interest
- Before an employee or his/her family member becomes involved in a new outside business that could create conflict of interest, immediate supervisor should be informed in writing (if not sure, err on the side of disclosing it). The immediate supervisor shall consult Head of HR for guidance

- Before accepting a position as a director, officer, employee, consultant or promoter in another organization, obtain written approval from the Head of HR. Head of HR shall inform the Disciplinary Committee of such instance and provide approval / disapproval based on the decision of the Disciplinary Committee
- Obtain prior written approval from any Group 1 employee for any honorarium received for activities undertaken at educational institutions, industry associations, societies, technical forums etc
- If conflicts of interest arise, an employee should inform his/her immediate supervisor and take steps recommended by him to resolve the conflict

**Don'ts:**

- Do not work or consult for a business doing work similar to the job
- Do not use Company resources other than for business use
- Do not use any information, property, resources obtained during the course of business for personal purposes
- Do not take up any business opportunity (relevant to the line of business pursued or intended to be pursued by the Company) or direct the opportunity that is discovered through the use of corporate property, information or position to a third party unless the Company has already been offered the opportunity and it has turned it down

**2.3 Regulatory and Policy Compliance**

The Company is devoted to maintaining high standards of corporate governance and integrity to ensure enhancement of stakeholder value through growth and business development. The four major elements of Regulatory and Policy Compliance are:

- Compliance with applicable laws, rules and regulations in letter and spirit in all areas in which the Company operates
- Compliance with the Company's policies and procedures

All employees and business associates are expected to be aware of the legal and policy requirements and internal controls that apply to their activity. They are responsible for:

- Keeping accurate financial records for all their transactions, forecasts and business assessments
- Safeguarding Company's assets that are entrusted to them
- Support the organization in complying with all the laws and regulations
- Perform day-to-day activities in accordance with the Company's policies and procedures

**2.4 Community Services**

The Company encourages all employees to participate in community service. It does not discriminate in favour of or against employees based on the organizations and/or cause they choose to support. The employees are required to plan any community activities outside of normal working hours. For events scheduled during work hours, the employees are required to make advance arrangements and obtain approvals from their immediate supervisor for any time off. The immediate supervisor may disallow leave for business reasons. Employees are restricted from donating Company resources or performing activities, such as making calls, making copies or supplying paper or other stationary items, for personal community activities. Employees are prohibited from using Company's stationery or official e-mail ID for all non-official communication or correspondence.

**2.5 Corporate Social Responsibility**

Being dedicated to partnering for prosperity with the Indian farmer, the Company touches the lives of many through its many corporate social responsibility initiatives like Jaikisan Sangam, Watershed Development, Borewell Recharge, Scholarships etc.

The Company is committed to serve the community around its area of operations. It believes that no organization can survive in isolation and it has a responsibility towards public at large. The Company aims to reach out to the neighbouring communities, conserve the environment and nurture young people. It shall take requisite community development initiatives around the areas of its operations.

Employees are required to participate in community services as directed by the Company. While partici-

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participating in community service activities and events, the employees must not influence the Company to make donations or contributions to community of his / her personal choice.

**2.6 Diversity**

The Company's vision is based on inspiring and unleashing creative potential. This is possible in an environment where we all respect the rights of those around us. In this direction, the Company treats all employees in all aspects of employment solely on the basis of ability irrespective of race, colour, caste, creed, religion, age, disability, gender, sexual orientation and marital status. It does not discriminate in hiring, promoting, training or terminating people on the basis of the factors mentioned above. Employees and business associates are expected to share and respect this vision.

**2.7 Safe Work Environment**

The Company shall not compromise in its commitment to environment, health and safety and be responsible for maintaining a safe work environment. Health and safety of the people in and around its area of operations are of paramount importance. It is committed to environment protection, pollution control and maintenance of ecological balance and shall maintain high standards of pollution control, environment protection and safety. The Company shall provide good physical working conditions and encourage high standards of hygiene and housekeeping.

The Company aims to provide a work environment that is safe, secure and free of threats and violence.

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## The Company shall not tolerate racial, sexual, physical or other kind of harassment. It shall investigate promptly and thoroughly, all allegations of harassment

Employees who by themselves or in collusion with others, threaten or commit acts of violence will be subjected to disciplinary action. The employees should refer the 'Safety Manual' for further details.

### Do's

All employees should do the following:

- Look for ways to conserve energy and recycle materials. The Company is committed to reducing the environmental impact of its operations and product
- Understand governmental environment, health and safety regulations that apply to their job
- Take precautions to prevent injuries to themselves and other Company employees
- Report injuries, unsafe work conditions or threats of violence to the safety department
- Conduct operations in a manner that safeguards health and minimizes risk of employee injury and property loss
- Be prepared for emergencies that may occur
- Keep records as required by regulations and industry standards
- Manage waste generated through reuse and recycling

### Don'ts

- Employees not to commit or threaten acts of violence
- The Company does not permit employees, contractors or visitors to bring weapons onto any part of Company's property, including parking areas

### 2.8 Alcohol and Substance Abuse

The Company views alcohol and substance abuse very seriously and takes a tough stand against it. Employees are not permitted to report to work or conduct business on its property or operate any equipments, machines or vehicles while under the influence of alcohol or

controlled substances. This also applies to any other work site where employees are assigned during work hours. In addition, the policy forbids employees and business associates from misusing substances, selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs and alcohol on the premises. Smoking is strictly banned in the factory premises and other 'No Smoking' areas across the facility.

### Employee Rehabilitation Program

Through the employee rehabilitation program, the Chief Medical Officer helps employees who develop problems related to drug or alcohol use. Employees are encouraged to seek assistance voluntarily. The Company and its healthcare vendors should keep any information about the consultation or treatment of employees as confidential.

### Do's

- Employees who observe that their co-worker is under the influence of alcohol or illegal drugs or in any way violating the policy, then such instances should be reported as per the Code

### Don'ts

- Employees should not be under the influence of alcohol during work hours
- Employees should not be under possession of any kind of illegal drugs, alcohol within the Company's premises
- Smoking within the factory premises or other 'No Smoking' areas across the Company's premises is prohibited
- Serving alcoholic beverages on Company premises to customers, guests or employees without written approval from the Head of HR, is not allowed

### 2.9 Harassment

The Company shall not tolerate racial, sexual, physical or other kind of harassment. It shall investigate, promptly and thoroughly, all allegations of harassment. An employee's behaviour must be conducive in promoting a harmonious work environment. An employee must not conduct himself / herself in a manner that is uncomfortable to others.

### Sexual Harassment

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favours, and other verbal or written communications or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly a term or a condition of an individual's participation in or use of an institutionally sponsored or approved activity, employment or resource; or
- Submission to or rejection of such conduct by an individual is used as the basis for employment or similar decisions affecting an individual's ability to participate in or use an institutionally sponsored or approved activity, employment or resource; or
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, demeaning or offensive educational or work environment

Examples of sexual harassment include, but are not limited to the following:

- Sexual comments, teasing, or jokes
- Suggestive gestures, sounds, or whistles
- Inquiries or discussions about sexual activities
- Pressure to accept social invitations, to meet privately, to date, or to have sexual relations
- Sexual slurs, demeaning epithets, derogatory statements, or other verbal abuse
- Graphic or sexually suggestive comments about an individual's attire or body
- Unwanted or unnecessary physical contact, sexual touching, brushing up against another in a sexual manner, graphic or sexually suggestive gestures, cornering, pinching, grabbing, kissing, or fondling
- Suggestive, obscene or harassing messages sent via computer, mobile phone or left on an answering machine or a voice mail

### Other types of Harassment

Harassment on the basis of race, colour, creed, religion, national origin, ancestry, citizenship, gender, sexual orientation, age or disability or harassment on any grounds, directed against individuals, may be established by showing

- Conduct towards another person that has the purpose of creating an intimidating, hostile or demeaning environment and that interferes with his or her ability to participate in or to realize the intended benefits of an institutional activity, employment or resource;
  - a. Harassment consists, in most cases, of more than casual or isolated incidents
  - b. Consideration should be given to the context, nature, scope, frequency, duration and location of the incidents, whether they are physically threatening or humiliating as opposed to merely offensive utterances, as well as to the identity, number and relationships of the persons involved

### 2.10 Dress Code

The employees are an ambassador of the Company in the eyes of public and must report to work properly groomed and wearing appropriate clothing. Employees are expected to dress neatly and in a manner consistent with the nature of work performed including wearing of uniforms and using personal protection equipment. Employees are required to follow the dress Code and encourage other employees to follow the dress Code. Employees should adhere to the dress Code during the job or while representing the Company within or outside the Company premises.

### 2.11 Protecting Assets

#### 2.11.1 Protecting Information Assets

The Company categorizes its information assets in two kinds:

- Public Information Asset that is accessible to all and can be shared with all
- Private Information Asset that is not accessible to all and cannot be shared with all

The Code governs private information asset. Private information asset must not be shared or divulged without written approval of the designated person.

Private information asset can be categorized into:

- **<Confidential>** Information that, if disclosed, would likely result in serious financial injury, damage to Company's competitive position, embarrassment, privacy violation, breach of contract or legal violations. This category includes information such as business strategy, corporate budgets, product costing data, personally identifiable information such as PAN number, medical reports etc.
- **<Internal Use Only>** Information that is not as sensitive as confidential but is restricted to use by employees on a need-to-know basis
- **<Third-Party Confidential>** Information provided by vendors or other external agencies, including a commercial partner, under an appropriate non-disclosure agreement

#### Do's

Employees having access to private information asset shall:

- Mark and handle these based on their contents
- Take appropriate steps to safeguard Company information from unauthorized disclosure or misuse
- Safely store Company classified information when the employee is away from the work area
- Destroy such information as per the Company's procedure

#### Don'ts

- Employees working with confidential documents as part of job shall not use any classified information for personal purposes
- Any information that is confidential in nature and not available publicly shall not be used other than for business and not be disclosed up to 3 years from leaving the Company
- Any information received from third party and subject to confidentiality agreement then such information shall not be disclosed without prior approval from such third party
- No one should solicit confidential information from third party without prior approval from the designated person



#### 2.11.1(a) Business Records and Documents

Company records, being an information asset, must be classified as stated above. These include any information created or received in connection with any business transaction. These can take the form of electronic and hard-copy documents, e-mails, photographs, microfilm and magnetic media such as tapes and disks etc.

#### Do's

Employees are required to be aware of these procedures:

- Prepare all records for e.g. expense reports, time reporting, financial statements, accurately and honestly
- Retain records in secure storage and ensure to archive or destroy them based on directives issued by the Company

#### Don'ts

- Do not share records with people outside the Company without any prior approval from the designated person

#### 2.11.1(b) Computers and Other Electronic Systems

To help the employees work efficiently, the Company provides electronic information systems. Based on their responsibilities, employees may have access to e-mail, computers, personal digital assistants (PDA), printers, fax machines, telephones, flash drives, voicemail, wireless devices and software. Company expects that all employees should use these tools for business purposes and with discretion. The Company allows for limited casual personal use of these equipments, just as one might make occasional personal phone calls. Employees who misuse information systems may lose access privileges and, depending on the situation, also may be subject to disciplinary action as per 'Implications' mentioned in Section 3 of this Code. Employees should refer to the 'Internet Usage Guidelines' available with the IT department for further details.

#### Do's

- Any suspected violation of this policy or virus attack should be promptly reported

#### Don'ts

- Any illegal activity, such as pyramid schemes or software piracy
- Commercial or political uses, such as running a personal business
- Chain e-mail or virus hoaxes
- Intentional concealment of your identity
- Any form of pornography
- Storing of personal information on office computers or laptops
- Excessive personal use
- Use of pirated software and unlicensed applications

#### 2.11.1(c) Protecting Intellectual Property

Intellectual property includes plant processes and design documents, proprietary information (including management information, other trade secrets, technical know-how, whether patented or not, trademarks, copyrights, patents and relationship with customers and suppliers etc). The Company protects, maintains and defends its rights in all commercially significant intellectual property and original works of authorship. These include proprietary computer programs, Company manuals and databases. Unauthorized use of the intellectual property rights or copyrighted materials of others may expose the Company to lawsuits and damages. Employees are expected to handle Intellectual Property with due care.

#### Do's

To protect the Company's intellectual property, employees need to:

- Understand their responsibilities to the Company regarding new works of authorship that they may create while being an employee
- Respect copyrighted materials of others by not reproducing, distributing or altering them without a license or the permission of the copyright owner
- Respect valid patent rights, copyrighted materials and other protected intellectual property of others
- Consult with the designated person before entering into agreements to acquire or distribute third-party published software (other than standard shrink-wrapped software) to ensure that the necessary licenses and/or permissions have been obtained
- Consult with the designated person if there are any questions about licenses, copyright issues or about one's responsibilities
- Understand the need for the designated person to review transactions involving licensing of intellectual property

#### Don'ts

It is against Company policy to:

- Distribute copyrighted materials without the appropriate copyright notice
- Enter into agreements with third parties to grant or receive licenses for intellectual property (other than standard shrink-wrapped copyright licenses) without appropriate approval
- Employ an individual who previously worked for a competitor without putting in place safeguards to prevent that person from inadvertently disclosing or using the competitor's proprietary information
- Accept online freeware or shareware without first consulting the designated person
- Copy computer software licensed by the Company for personal, Company or customer use
- Receive, from an employee, proprietary information about, or copyrighted materials from, his or her prior employer
- Accept proprietary information from an outsider without first consulting the designated person, particularly under circumstances where a confidential relationship exists or may be implied
- Pass on, for technical or management review, an outsider's suggestion for a new product, product feature, service or name

- Introduce or divulge information about a new future product, system, service or solution before a patent application has been filed or a final decision has been made not to file an application
- Introduce a new product, system, service, solution or name before checking for patent or trademark infringement
- Threaten anyone suspected of infringing any of the Company's intellectual property or copyright without first consulting with the designated person
- Discuss or comment in writing (paper or electronic) intellectual property litigation issues or copyright infringement without the designated person's participation or review
- Disclose the Company's proprietary information to outsiders without the approval of the designated person

#### 2.11.1(d) Insider Trading and Inside Information

This Code shall be applicable only to Group 1 employees. For the Code on insider trading and inside information please refer to the Company's Policy "Code of Internal Procedures and Conduct for Trading in Securities of the Company".

#### 2.11.2 Protecting Physical Assets

Company assets include physical assets such as buildings, plant and machinery, estate, facilities, equipment, raw materials and finished goods. All employees are responsible for judiciously using the assets entrusted to them and protecting them from loss, theft, damage or misuse.

##### Do's

- Employees are required to display the identification badge while on Company premises to prevent and restrict unauthorized access and use
- Time Card, electronic access control cards and other tools that provide access to Company facilities and systems should be used only as authorized
- Security to be notified immediately if property is lost or stolen
- The designated person to be notified if any criminal activity detrimental to assets of the Company is suspected

##### Don'ts

- Should not lend or allow unauthorized access to / use of these assets to anyone without prior approval

#### 2.12 Privacy Rights

The Company takes steps to protect personal and private information relating to employees and former employees. It keeps and discloses personal information only as required for business or legal reasons. It complies with all laws about the privacy of employee information and medical records.

##### Exclusions

Privacy protection does not apply to personal information an employee may have stored on any equipment or in his / her office files. Any electronic information stored on the Company's computers, servers and voicemail belongs to the Company, and it can access such information at any time without employee consent. It has the same access rights to hard copy files in Company offices, including those in desk drawers, lockers and other storage areas. Release of any information is subject to the Company policy.

##### Do's

- To protect personal information, like salaries and performance and other private information
- To cooperate with authorities if there are any violation of privacy rights

The Company limits the information that it releases for employment or credit references. This information is limited to any employment related information pertaining to an existing or ex-employee.

##### Don'ts

- The Company should not disclose salary information without the employee's written consent, except as required by law

#### 2.13 Third Party Relationships

##### 2.13.1 Dealing with the Media

The Public Relations Department (PRD) works with the media / press every day to ensure that they have the right information. PRD also works closely with Investor Relations to ensure that all external communications comply with regulatory and Company guidelines. If a member of the media reaches out to an employee then the employee is required to direct the concerned person to the Deputy General Manager (Public Relations).

##### 2.13.2 Dealing with Investors

Rules about talking with investors, including institutional investors, securities analysts and individual investors are very strict. Only Chairman, Managing Director, Executive President and Company Secretary (jointly or severally) shall have the authority to represent the Company to the investors.

##### 2.13.3 Gifts and Entertainment

It is against the policy to give or receive anything of value to gain an unfair competitive advantage. Giving and receiving gifts, favours and entertainment by employees is subjected to strict standards. Creating goodwill is the only acceptable purpose of gifts or entertainment. Gifts that make the receiver feel obligated to "repay the favour" by doing business with the giver are improper. Gifts must not be expensive and should be reasonable in value.

It's against the Company policy to give or receive anything of value to gain an unfair competitive advantage. Giving and receiving gifts, favours and entertainment by its employees is subjected to the policies of the Company

Gifts include not only tangible items and cash but also entertainment, personal services and even discount on purchases.

Entertainment, whether at the giving or receiving end, should fall comfortably within the range of common business courtesies. Examples of common business courtesies are lunch at a local restaurant, tickets to a local sporting event etc. Entertainment that does not pass the 'common business courtesies' test are, tickets to an international concert, overnight stay at a luxurious resort/hotel, weekend trips to an exotic location etc.

##### Do's

- Good judgment should be exercised in offering entertainment. It should not be lavish, unusual or extravagant in the eyes of an objective third party
- In general, employees may give promotional or novelty items such as Company-logoed pens.
- Employee may give gifts to customers on occasion, but his / her immediate supervisor must approve the gift
- While giving any gift, receiver's gift policy should also be taken into account
- If the Company gives a customer tickets to a game or other event, the host must attend that event with the customer
- Employee must disclose to immediate supervisor any gifts and entertainment offered or received by vendors, customers, suppliers and other vendors or received to the immediate supervisor



## The Company prohibits improper payments directly or indirectly in all of its activities with customers, government officials and any other national or international agencies

### **Don'ts**

Employees are not permitted to:

- Solicit or accept any amount of money or favour from customers, suppliers or any third party
- Accept from any third party, entertainment that goes beyond common courtesies associated with business practice (this also applies to members of his / her immediate family)
- Give money or any gift to an executive, official or employee of any supplier or customer if it creates the appearance he / she is seeking special treatment in return
- Provide entertainment that seems lavish, unusual or not within 'Common business courtesy'

### **2.13.4 Customer / Supplier Privacy Rights**

The Company safeguards its own information from misuse, and also protects information that customers/suppliers entrust to it. All employees must take care to prevent this customer/supplier provided information, especially personally identifiable information from unauthorized use.

### **Do's**

Employees shall do the following:

- Use customer / supplier information only as per approval of such customer / supplier
- All confidential customer records, paper and electronic should be secured
- Information to be shared with other employees only on a need-to-know basis

### **Don'ts**

- Information not to be shared with third parties (such as financing vendors) without the customer's written permission

### **2.13.5 Bribery and Improper Payments**

No employee shall offer anything in cash or kind to gain an improper advantage in any transaction. The Company prohibits improper payments directly or indirectly in all its dealings with customers, government officials and any other national or international agencies.

Bribe is the offer of something of value with the intent to influence an official act of a customer, supplier, government official or international agency. Bribery statutes do not require that a bribe be paid, only that it be offered, promised, asked for or requested in connection with some official act. The official act may be one of commission or omission. It is not necessary that the public official have the authority to act; only that the briber thinks he or she does. This policy allows lawful reimbursement for reasonable bona fide expenses, like customer travel, related to a Company contract.

The Company's internal controls require that all transactions be properly recorded. Company's records must fairly reflect these transactions and transfer / appropriation of Company assets.

### **Do's**

If an employee is responsible for selecting individuals or firms to represent the Company, he/she should:

- Use due diligence
- Check on their reputations and references
- Require that they comply with the law
- Be wary of anyone who claims "special arrangements" with officials
- Report any such bribery or improper payments to the designated person, if it is believed that a public official may be soliciting a bribe

### **Don'ts**

If an employee works with customers, government officials and international agencies then he/she should:

- Never give, directly or indirectly, anything of value to gain an improper advantage
- Not to offer a business courtesy, like a gift or entertainment, if it creates even the impression of seeking an improper advantage
- Never make payments to any official, customer or other agencies to expedite a routine administrative action, or for any other purpose, without consulting the Legal Department
- Never offer any favour during the course of procurement or contract negotiations
- Not to extend personal or business favours to public officials in exchange for favourable action
- Never offer anything of value to a public official you believe to be responsible for business decisions. Even the offer can create the appearance of misconduct

### **2.13.6 Related Party Transactions**

#### **Conducting business**

As a general rule, conducting Company business with a relative, or with a business entity in which a relative is associated in any significant role, should be avoided. If determined to be material to the Company by the CFO, the Company's Audit Committee must review and approve these related party transactions in writing and in advance. The most significant related party transactions, particularly those involving Group 1 employees, must be reviewed and approved in writing in advance by the Board of Directors. Any dealings with a related party should be conducted in such a way that no preferential treatment is given to this business.

#### **Employment**

The Company discourages the employment of relatives in positions or assignments within the same department and prohibits the employment of such individuals in positions that have a financial or other dependence or influence (e.g. an auditing or control relationship or a supervisor / subordinate relationship). The purpose of this policy is to prevent conflicts of interest and impairment of independence. The Company retains the prerogative to separate the individuals at the earliest possible time, either by reassignment or by termination, if necessary.

### **Do's**

- If a prohibited relationship exists or develops between two employees, the employee must bring this to the attention of his / her immediate supervisor
- Fully disclose the nature of the related party transactions to the immediate supervisor

### **2.13.7 Collusive Bidding**

Statutory regulations prohibit particular types of anti-competitive behaviour—that is, business arrangements among competitors that restrict open competition in various procurements. These activities generally are labelled as collusive bidding. This Code applies to all Group 1 and Group 2 employees and business associates.

The most common collusive bidding schemes are:

- Bid suppression, which occurs when two or more competing contractors agree either not to bid on a particular contract or withdraw their bids so a particular contractor wins the award
- Complementary bidding, which involves two competitors who agree that one of them, will win an award. The designated winner-to-be either shares with the others the price he intends to offer or simply instructs others what they should bid. This scheme creates the illusion of competition where there really is none
- Bid rotation, in which contractors bidding on the same contracts agree to take turns as low
- Bidder over a period of time. Some of these plans allow the losing bidders to become Subcontractors to the winner
- Market division, in which competitors agree to divide a market among themselves on the basis of criteria other than rotation

### **Don'ts**

- Employees to refrain from sharing Company pricing and bid strategies with any outside individuals or companies without prior approval from the designated person.

# Section 3: Implementation of the Code of Conduct

## Employees and business associates of the Company shall make sure that its products are sold in the market only through legal and proper business channels

### 2.13.8 Kickbacks

Statutory laws and regulations impose civil and criminal penalties against companies that offer or accept kickbacks in connection with public sector procurements. In essence, these laws prohibit giving anything of value in exchange for favourable treatment between prime contractors and subcontractors. A kickback does not have to be completed to fall within the scope of these laws. Even attempts to provide or receive a kickback are illegal.

#### Do's

To avoid the appearance of kickbacks on government contracts the employee should:

- Deal with subcontracting partners and vendors at arm's length
- To the extent possible, obtain competitive proposals for subcontracts

#### Don'ts

- Not to exchange business favours with contractors or subcontractors
- Not to award contracts or subcontracts to unqualified vendors

### 2.13.9 Black Marketing, Adulteration and Counterfeit products

The Company views activities such as black marketing, adulteration and counterfeit products as a serious offence which results in reputational risk to the Company and therefore it takes a tough stand against it. Statutory laws and regulations impose civil and criminal penalties against companies that indulge in black marketing of their products or selling adulterated / counterfeit products. Employees and business associates shall make sure that Company products are sold in the market only through legal and proper business channels recognized by the Company and all such transactions are being recorded in the books of accounts. Also, employees and business associates shall not indulge in adulterating any Company products, buying any counterfeit products or selling any counterfeit product as a Company's product.

#### Do's

- Immediately inform the designated person in case any instance of black marketing, adulteration or counterfeit goods is observed
- Inform the designated person in case any transaction is not getting reflected in the books of accounts



### 3.1 Reporting Non-Compliance with the Code of Conduct

The matters covered in this Code of Conduct are of utmost importance to the Company, its employees and its business associates, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our employees and business associates to adhere to these rules in carrying out their duties for the Company. The following procedures would be followed to report non-compliance with this Code:

- Non-compliance with this Code is required to be reported in writing in the template specified under the Section 4 - Appendix of this Code
- The complainant is required to complete the template in its entirety without leaving any section blank. The instructions for completing the template are appended to the template. Copies of this complaint form shall be available with the HR department

### 3.2 Investigation procedure for Non-Compliance with the Code of Conduct

The policy provides for an investigation and resolution process in 4 stages:

#### Stage 1 – Initial Review

The template duly filled in by the complainant shall be reviewed by his / her immediate supervisor for credibility, genuineness and bonafide intentions of the complainant and submitted to the Department Head for further action.

The Department Head shall record the details received such as background, details of the subjects, documentary evidence etc in a dashboard. The Department Head shall perform an initial review of the complaint and confirm the facts presented by examining the validity and severity of the non-compliance. The Department

Head may dismiss the complaint or direct the complaint to the Head of HR depending upon the nature, extent and materiality of the violation and update the same in the dashboard.

If it is found that the allegation is frivolous then the Department Head shall deal with the complainant, in accordance with the procedures specified in clause '3.6 Implications' of this Code.

#### Stage 2 – Preliminary Investigation

The Head of HR is required to maintain a complaint register or a database of complaints received from Department Heads, containing fields such as complaint reference, details of the complaint, action taken etc. The format of the complaint register has been provided in Section 4 - Appendix of the Code.

The Head of HR shall initiate and conduct a preliminary investigation where both the complainant and the subject shall be provided an opportunity to be heard. Evidence provided by both the parties shall be investigated thoroughly. The investigation shall be conducted in a fair manner, as a neutral fact finding process and without presumption of guilt. The Head of HR shall document the findings of the investigation in the complaint register and based on the results of the preliminary investigation decide if a detailed investigation is required.

#### Stage 3 – Detailed Investigation

Upon completion of Stage 2, if Head of HR is of the opinion that a detailed investigation is required, he / she shall initiate it. Head of HR shall be responsible appointing the investigation team and overseeing the investigation process. Depending on the specifics of the allegation, the investigation team may include a subject matter expert from different departments or disciplines to provide the knowledge and skill sets required. Investigations shall be performed in accordance with the established protocols.

**Investigation procedure**



**Stage 4 – Reporting to the Head of HR**

The findings of the detailed investigation shall be reported in writing by the investigation team to the Head of HR for further action. The Head of HR, in consultation with Group 1 employees, shall take suitable action specified in clause '3.6 Implications' of this Code.

**3.3 Investigation procedure where Non-Compliance with the Code of Conduct detected is in the nature of fraud**

If during or after completion of the 'Detailed Investigation' in stage 3 above, the Head of HR finds out that the reported non-compliance is in the nature of fraud, he shall, in writing, report this directly to the Disciplinary Committee. The Disciplinary Committee shall proceed in accordance with the detailed procedures laid out in the clause 2.5.3 'Detailed Investigation' of the Anti-Fraud Policy'.

**3.4 Timelines**

The following activities shall be performed within the timelines mentioned below:

Activity	Timelines (from date of receipt of complaint)
Department Head shall document in dashboard	Within 1 working day
Department Head to complete Initial Review	Within 3 working days
Head of HR to complete Preliminary Investigation	Within 7 working days
Investigation team to complete Detailed Investigation	Within 30 working days
Reporting of findings by Investigation Team to Head of HR	Within 45 working days
Reporting of findings by Head of HR to Disciplinary Committee	Within 60 working days

**3.5 Framework**

Approval of the Code

- **Responsibility** – Board of Directors
- **Procedure** - The Head of HR (through the Company Secretary) shall place the Code to the Audit Committee, which in turn shall make recommendations to the Board of Directors for obtaining approval. This Code and any

subsequent modifications to it would only become enforceable upon appropriate approval by the same approving authority. The date on which this Code or any such modification becomes enforceable shall be clearly stated in the approval

**Implementation of the Code**

- **Responsibility** – Executive President
- **Procedure** - The Executive President shall prepare an implementation plan in consultation with the Group 1 employees, which would include implementation approach, responsibilities and communication plan. The Executive President may grant waiver of some clause (s) to an employee or business associate upon request in a specified format

**Communication of the Code**

- **Responsibility** – Head of HR
- **Procedure** – The Head of HR shall communicate the Code and spread awareness across the Company as per the implementation plan. A copy of the Code shall also available to all employees on the Company intranet. Initial awareness shall be imparted as per the modes of communication defined in the implementation plan. Periodic training sessions shall be planned and conducted for awareness and compliance to this Code

**Review and Modification of the Code**

- **Responsibility** – Head of HR
- **Procedure** – The Head of HR from time to time shall review and assess the effectiveness of the Code in line with certain factors such as management directive, statutory compliance, market conditions and employee feedback. If any such assessment leads to modification to any part of this Code, such modification shall be done by the Head of HR and placed before the Audit Committee which in turn shall make recommendations to Board of Directors for approval

**Monitoring implementation of the Code**

- **Responsibility** – Group 1 Employees
- **Procedure** - Group 1 employees shall be responsible for monitoring the compliance to this Code within their respective functions. Any non compliance reported in their function by anyone or observed by them, shall be assessed for genuineness. Genuine violations shall be directed to the Head of HR for further investigation and action. Periodic reports in the prescribed format as defined in the Implementation Plan shall be submitted by Group 1 employees to the Executive President and Head of HR for their respective functions

**Investigation**

- **Responsibility** – Head of HR
- **Procedure** – Head of HR shall get an inquiry conducted on all reported violations to evaluate the extent of non compliance to the Code. An Investigation Team may be appointed which shall include Department Heads and Company Secretary, depending upon the circumstances of the situation. All findings and evidences collated during the investigation shall be reported and shared with the Head of HR

**Decision Making**

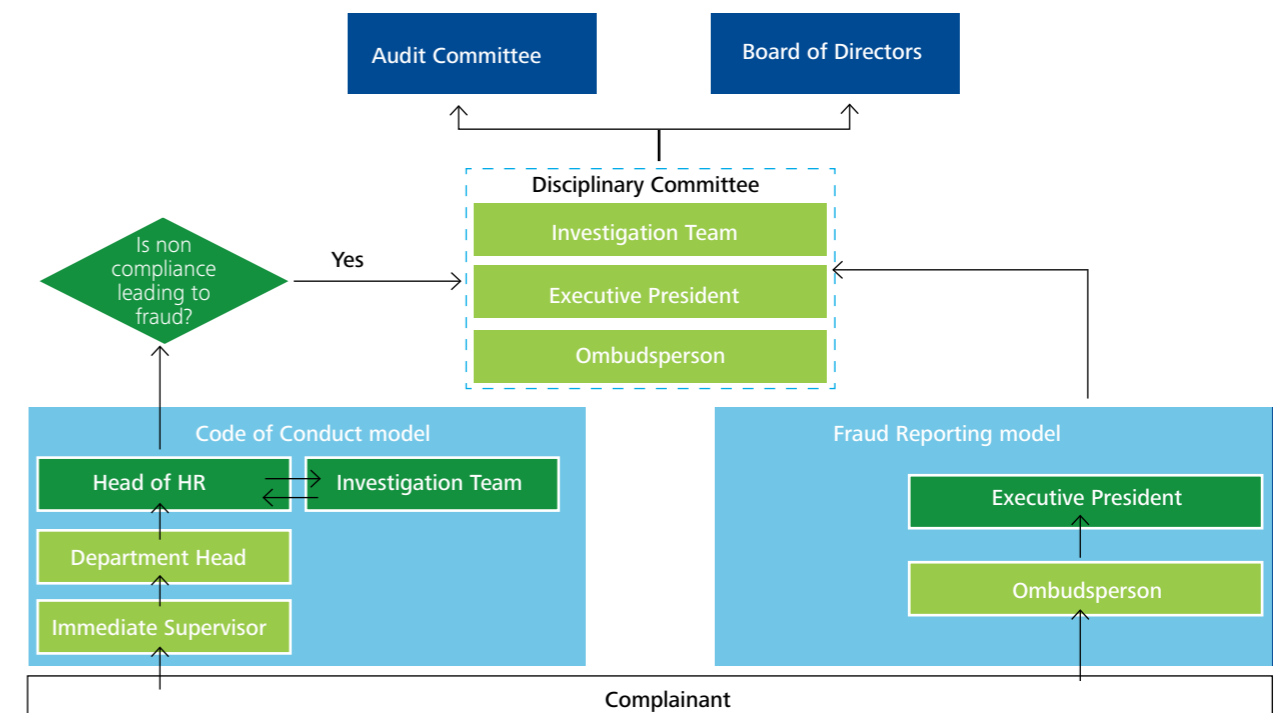
- **Responsibility** – Head of HR
- **Procedure** – Based upon the findings and evidences collated during the investigation conducted, the Head of HR, in consultation with the Investigation Team and Group 1 employees shall take sufficient and appropriate disciplinary action against the violator. This decision shall be communicated in writing to the violator and all affected parties in the Company. This communication should include details of the violation of the Code and reasons for such disciplinary action

**Custody**

- **Responsibility** – Head of HR
- **Procedure** – Original copy of the Code of Conduct shall remain in custody of the Head of HR. Also all documents including reports and filled in templates pertaining to incidents reported and action taken shall remain in custody of the Head of HR and shall be retained as per Company documentation retention policies, relevant laws and regulations

**Code of Conduct Non Compliance**

**Fraud Reporting procedure**



# Section 4 – Appendix

## 3.6 Implications – Non-Compliance to the Code of Conduct

The implications of the non-compliance with the Code of Conduct can be broadly categorized into the following sections namely:

### Employment Implications

Non-compliance with the Code of Conduct of frivolous reporting by the employees would result in disciplinary action. The disciplinary action could be of various forms such as

- Counselling
- Warning Letter
- Demotion
- Transfer
- Delay in promotion
- Suspension
- Termination

The type of disciplinary action would be based on various factors such as severity of the violation, material impact of the violation, repetitiveness of violation by employee etc. The disciplinary action is solely based on the investigation findings and judgment of the Head of HR.

### Financial Implications

Non-compliance with the Code of Conduct by the employees and business associates could result a loss. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible to recover any such loss suffered.

### Contractual implications

Non-compliance with the Code of conduct by the business associates could result in termination of contracts.

### Legal Implications

Any non-compliance with the Code of Conduct could result in the following two types of legal proceedings namely:

- **Civil Liability** - Liabilities arising out of disputes involving torts (such as accidents, negligence, and libel), contract disputes, property disputes, administrative law violations, commercial law violations, and any other private matters that involves private parties and organizations including government departments

- **Criminal Liability** - Liabilities arising due to serious criminal activities or failure to abide by laws of the land. Every crime is composed of criminal elements. Physical or corporal punishment may be imposed. Individuals may be incarcerated in prison or jail in a variety of conditions depending on the jurisdiction. Confinement may be solitary. Length of incarceration may vary from a day to life. Government supervision may be imposed, including house arrest, and convicts may be required to conform to particularized guidelines as part of a parole or probation regimen. Fines also may be imposed, seizing money or property from a person convicted of a crime

### 3.7 Reporting to the Disciplinary Committee

The Head of HR shall collect data pertaining to all non compliances reported to the department heads [including those disposed off by the department heads] and submit the consolidated results to the Disciplinary Committee on a quarterly basis. The report shall include details such as:

- Whether the report was from an employee or business associate
- The determination of merit
- The results of the initial review and preliminary investigation
- The results of the detailed investigation
- The implication, if any resulting from the investigation

### 3.8 Waiver / Exceptions

Any waiver of any provision of this Code of conduct with respect any other employee or business associate must be approved in writing by the Executive President and promptly disclosed to the Audit Committee. Any such waiver must be approved in writing in the format as specified under Section 4 - Appendix of the Code of Conduct.

## Templates

# Zuari Industries Limited

## Complaint Form

Date : \_\_\_\_\_ Location \_\_\_\_\_ Complaint Ref No [HR to fill] \_\_\_\_\_

Complainant Name \_\_\_\_\_ Complainant Employee No \_\_\_\_\_ Complainant department \_\_\_\_\_

Complaint Subject \_\_\_\_\_

Brief Description of Violation \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Prepared by  
[Name, Signature & Date]

Reviewed by  
[Name, Signature & Date]

Approved by  
[Name, Signature & Date]

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### General Instructions

1. The employee shall complete the form in its entirety and revert to the Head of HR for any further clarifications.
2. The description of the violation could include details such as name of violator, department name, date of violation, details of violation, place of violation etc.
3. The employee is required to be objective and truthful when completing this form and any frivolous reporting shall be severely dealt with in accordance with the clauses of this Code.
4. The employee can complete the form in English or the vernacular language based on the convenience of the complainant; any other language would be disallowed and the complaint would be treated invalid.







# Version control

Revision History and Signoff			
Modification Summary	Reviewed By	Approved By	Effective Date
Section 1	Head of HR (Proposed)	Board of Directors (Proposed)	
Section 2			
Section 3			
Section 4			

Document Distribution Classification and Location		
Location Covered	Corporate Office	Zuari Nagar
Custody		Head of HR [Proposed]
Distribution		Head of HR [Proposed]

# Zuari Industries Ltd.

## About Us

As a company dedicated to partnering for prosperity with the Indian farmer, Zuari's operations are spread across five key marketing areas. The company has a manufacturing facility at Goa, with four plants, dedicated to providing these markets with urea, DAP and NPK based fertilizers. These fertilisers are both affordable and effective. Zuari also deals in agricultural inputs such as seeds, speciality fertilisers, and pesticides, making it a single window agricultural solution provider.

The wide variety and reach of the group's companies has enabled Zuari to diversify into several related and unrelated sectors. Today, Zuari has established itself as a key brand in sectors such as furniture, oil tanking, seeds, and investments, apart from agricultural inputs.

The success of Zuari is credited to the dynamic team that helms the company. The eminent board of directors supported by a team of executives and staff members ensures that the Zuari family constantly grows towards its vision of prosperity for the Indian farmer.

