

# ORISSA SPONGE IRON & STEEL LIMITED

## ***CODE OF CONDUCT AND ETHICS***

### **1. Introduction:**

The Company's policy is to conduct its business with responsibility, integrity, fairness, transparency and honesty.

The purpose of this code of conduct is to promote conduct of business ethically in an efficient and transparent manner and meeting its obligations to shareholders and all other stakeholders. This code of conduct is also a tool in carrying out our corporate social responsibility in more effective manner. This Code sets out a broad policy for one's conduct in dealing with the company, fellow directors and employees and the external environment in which the Company operates.

The Directors and Senior Executives shall not be involved in any activity that would have any adverse effect on the company. Our ambition is to be a leader in our industry and to operate and achieve excellence in everything we do – including our standards of Business conduct. The corporate objectives to be pursued shall be to sustain the competitive edge of the Company.

### **2. Regulatory Compliance:**

Every employee or Director and every representative of OSISL shall in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he / she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code then the standards of the Code shall prevail.

### **3. Application of this Code:**

This Code of Conduct applies to all the directors and senior executives of OSISL. Senior Executives shall mean the members of core management team of the Company excluding Board of Directors and shall comprise of all the members of management one level below the executive directors, including all functional heads.

Where OSISL is a major or strategic shareholder in another Company, that Company and any joint venture partner or other shareholders should also be made aware of this Code and encouraged to comply with it.

We aim to choose as business partners, people with standards and ethical values compatible with our own. If we find ourselves in a business relationship with any one (eg. Distributor, agent, joint venture partner, supplier etc.) where it is clear that there is a serious incompatibility, which cannot be resolved we will seek to terminate the relationship.

**4. Respect for individual:**

OSISL's vision is based on inspiring and unleashing creative potential in human assets of the Company. This is possible in an environment where we all respect the rights of those around us. In this direction,

- To treat individuals in all aspects of employment solely on the basis of ability irrespective of race, caste, creed, religion, age, disability, gender, sexual orientation or marital status.
- Not to tolerate racial, sexual or any other kind of harassment.

**5. Honest and Ethical Conduct:**

The Directors and senior executives of the Company should act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. Honest conduct is conduct that is free from any fraud or deception. 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.

**6. Conflicts of Interest:**

The Directors and Senior Executives shall not engage in any activity or enter into any pecuniary relationship which might result in conflict or interest, either directly or indirectly.

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. The directors and Senior executives must act at all times in the Company's best interests and avoid putting themselves in a position where their personal interests conflict or appears to conflict with the interest of the Company. The personal interests will include those of their relatives. Any director or senior executive, who is aware of a conflict of interest or is concerned that a conflict might develop, is required to disclose the matter promptly to the Board of Directors in case of a director and to the Managing Director in case of senior executives.

A conflict of interest may arise where directly or indirectly:

- (a) an employee or a Director or a representative of OSISL engages in a business, relationship or activity with any one who is party to a transaction with his Company.
- (b) An employee, director or a representative is in a position to derive a personal benefit to benefits to any of his relatives by making or influencing decisions relating to any transaction, and
- (c) An independent judgment of the Company's best interest cannot be exercised.

The main areas of such conflict of interest would include the following:

- (i) Financial interest of an employee or a Director or a representative of OSISL or their relatives in an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of OSISL.
- (ii) An employee or a Director or a representative of OSISL conducts business on behalf of his Company or is in a position to influence a decision with regard to his Company's business with a supplier or customer of which his relative is a principal officer or representative, resulting in a benefit to his or his relative.
- (iii) Award of benefits such as increase in salary or other remuneration, position, promotion or recruitment of a relative of an employee or a representative of OSISL where such an individual is in a position to influence the decision with regard to such benefits.
- (iv) Acceptance of gifts, donations, hospitality and / or entertainment beyond the customary level from existing or potential supplier, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management with an undertaking not to allow the conflict to continue. The management would then review the matter and take appropriate action.

**7. Misuse of Opportunities and Information:**

Directors and Senior Executives owe a duty to the Company to advance the Company's business interest when appropriate. Directors and Senior Executives are prohibited from taking (or directing to a third party ) a business opportunity ( relevant to the line of business intended to be pursued by the Company) that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. The directors and Senior Executives are prohibited from using corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. The directors and senior executives are prohibited from using corporate property, information or position for personal gain and from competing with the Company. Wherever, it is difficult to differentiate between personal and Company benefits or there are both personal and Company benefits in certain activities, the only prudent course of conduct for the directors and senior executives is to make sure that any use of Company property or services or such transactions that is not solely for the benefit of the Company has prior approval of the competent authority.

## **8. Securities Transactions and Confidential Information:**

An employee or a Director or a representative of OSISL and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about OSISL which is not in a public domain and thus constitutes insider information.

An employee or a Director or a representative of OSISL shall not make or maintain a substantial financial interest or investment in a Company which is a supplier, customer, distributor of or has other business dealings with OSISL. The ownership of up to 2% of the subscribed share capital of a public held Company shall not ordinarily constitute a substantial financial interest.

An employee or a Director or a representative of OSISL shall not use or proliferate information which is not available to the investing public and which therefore constitutes inside information for making or giving advice on investment decisions on the securities of OSISL on which such insider information has been obtained.

Such insider information might include the following:

- Acquisition and divestiture of business or business units
- Financial information such as profits, earnings and dividends
- Announcement of new product introductions or developments
- Asset revelations
- Investment decisions / plans
- Restructuring plans
- Major supply and delivery agreements
- Raising Finances

During the course of employment or dealing with the Company, any information of the confidential nature (whether about OSISL, other companies or individuals) that is known to directors or Senior Executives shall be treated as confidential unless publicly available. Such information should be used only for the purpose of business of the Company. This obligation continues for three years even after leaving OSISL.

OSISL also respects the rights of others regarding their confidential information. Where information is received from third parties under conditions of confidentiality, the Directors and Senior Executives shall comply with those conditions but no- one should solicit confidential information from third parties without prior authorization.

The use of company information for personal gain is strictly prohibited. In particular, Directors and Senior Executives or members of their families should not trade in OSISL securities when in possession of unpublished price sensitive material.

**9. SEBI (prohibition of insider Trading) Regulations, 1992**

An employee or a Director or a representative of OSISL shall comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992. In particular-

**Price Sensitive Information**

- (a) Employees / Directors / Representative shall maintain the confidentiality of all Price – Sensitive Information. Employees / Directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for purchase or sale of securities.

**Need to know**

- (b) Unpublished “Price – Sensitive Information” is to be handled on a “need to know” basis, i.e., Unpublished. Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duties and whose possession of such information will not give rise to a conflict or misuse of the information.

**Non-public information**

- (c) All non-public information directly by any employee should immediately be reported to the head of the department.

**Limited access to confidential information**

- (d) Files containing confidential information shall be kept secured. Computer files must have adequate security of login and pass word etc.

**Prevention of misuse of “Price – Sensitive Information”**

- (e) All directors / employees and representatives of the Company shall be subject to trading restrictions as set out in those Regulations.

**10. Fair dealing**

The Company does not seek competitive advantages through illegal or unethical business practices. Each director and senior executive should endeavour to deal fairly with the Company’s customers, service providers, suppliers, competitors and employees. No director or senior executive should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice. The Directors and Senior Executives shall immediately bring to the notice of the Board any unethical behavior and actual or suspected fraud.

**11. Protection and proper use of Company Assets**

The assets of OSISL should not be misused by employees for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers etc.

All directors and senior executives should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

**12. Bribery**

The payment of bribes, kickbacks or other payments of this nature in cash or kind to obtain business or otherwise gain advantage for OSISL is strictly prohibited, irrespective of whether payments or offers are made directly or indirectly.

**13. Gifts and Entertainment**

Though business gifts and entertainment are customary in many parts of the world they need to be viewed with caution. The directors and senior executives may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events. Except for above, the Directors and Senior Executives shall neither receive nor offer or make directly / indirectly any illegal payments, gifts or any benefits which are intended to obtain unethical favour.

**14. Political Non-alignment**

The Company shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. The Company shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

**15. Accounting Practices**

The Company's responsibilities to its stockholders and the investing public require that all transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion.

**16. Wealth Creation**

The Directors and Senior Executives shall be committed to enhance the shareholders worth / value and shall strictly comply with all regulations and laws that govern shareholders rights. The Board shall duly and fairly inform the shareholders all relevant aspects about the Company's business and disclose such information as may be required, from time to time, in accordance with the applicable rules and regulations.

**17. Corporate Social Responsibility**

OSISL is committed to serve the community around its area of operations. The Company 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 areas, conserve the environment and nurture young people. The Company shall continuously take requisite community development initiatives around the areas of its operations.

**18. Safety, Health and Environment**

OSISL's vision envisages no compromise in its commitment to safety, health and responsible care for the environment. Health and safety of the people in and around its area of operations are of paramount importance to the Company. OSISL is committed to environment protection, pollution control and maintenance of ecological balance. OSISL shall maintain high standards of pollution control, environment protection and safety.

**19. Regulatory Compliance and Corporate Governance**

OSISL is committed to high standards of corporate governance and believes in compliance of all the laws and regulations both in letter and spirit. OSISL has endeavoured in setting standards for itself, which are ahead of time and higher than those stipulated by the law. OSISL is committed to provide accurate and complete information as required in time to all concerned including its stakeholders.

**20. Financial and Operational Integrity**

OSISL is committed to disclose in its financial statements all the information required to be disclosed under the relevant accounting standards or under any laws or regulations. It is essential to record all the transaction fully and properly in the financial statements.

The fees and compensation payable to the Director – both executive and non executive, shall be fixed by the Board and approved by the shareholders as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.

No record entry or document shall be false or misleading and no undisclosed or unrecorded account, fund or asset shall be established or maintained. The auditors shall be provided full access to all information and records of the Company.

OSISL will not knowingly assist fraudulent activity (for example tax evasion) by others.

**21. Implementation**

Directors and senior executives are accountable for full compliance with this Code of Conduct. Sanctions for breach of this Code shall be determined by the Board of Directors in case of Directors and Managing Director in case of senior executives. Sanctions may include serious disciplinary action, removal from office as well as other remedies, all to the extent permitted by law and as appropriate under the circumstances. A formal implementation and monitoring plan shall be designed to promote awareness of and adherence to the Code.

Any actual or possible violation or significant breaches of the Code must be notified to the Board of Directors and Managing Director, as the case may be. The Managing Director shall report to the OSISL's Board on the Code's operation and effectiveness along with any significant breach of the Code.

**22. Interpretation**

Any question relating to how this Code should be interpreted or applied should be addressed to the Company Secretary.