

Standard Shoe Sole and Mould India Limited

Code of Conduct for Directors and Senior Management

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CODE OF CONDUCT

This code of business conduct (“Code”) shall be called the “The Code of Conduct for Directors and Senior Management” of Standard Shoe Sole and Mould India Limited (hereinafter referred to as “Company”).

This model code of conduct is a guide to help directors on Board & Senior Management team of the Company to live upto company’s ethical standards. The code is in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. This Code of Conduct is intended to provide guidance and help to all Directors & Senior Management Executives in recognizing their responsibility and dealing with the issues in such manner as to achieve the objective of the corporate in an ethical way and to help to foster a culture of honesty in the performance of one’s duties and accountability.

GENERAL POLICY

The Company’s philosophy of Corporate Governance is reflected in the commitment of management, which objectively works, realizing and accepting its responsibilities towards shareholders, society and the country. The management’s endeavour is to maintain transparency, optimize operational efficiency and retain high level of credibility with the shareholders, creditors and the government.

The Members of the Board of Directors and Senior Management Personnel of Standard Shoe Sole and Mould India Limited acknowledge and accept the scope and extent of their duties as Directors and as Senior Management Executives. They have a responsibility to carry out duties in a responsible and businesslike manner and within the scope of authority as set forth within the laws of India, all the relevant laws governing the operations of the Company’s business as well as Memorandum of Association of the Company and in terms of their appointment and therefore must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interest of the Company while also act with competence and diligence to bring honours and respect for the Company. They are entrusted with and are responsible for the oversight of assets and business affairs of the company in an ethical, honest, fair and diligent manner. A Director of the Company is to act in the fiduciary capacity and every Senior Management Executive is to act as a most disciplined, sincere and

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loyal worker to protect the interest of the Company and to make efforts for achievement and promotion of the corporate objectives, inter alia relating to financial, social, cultural and ethical areas.

1. Applicability

Applicable to all Directors and Senior Management of the Company i.e. all Board Members including Senior Management who are members of the core management team i.e. all executives who are one level below the Directors including all functional heads and includes all employees at the level of Chief Operating Officer and above.

2. Commitments

Covered Parties shall, in all matters related to the Company, act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- (1) Shall avoid any dealing with a Contractor or Job Worker or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members / Company
- (2) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company
- (3) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders. Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him
- (4) Shall not commit any offence involving moral turpitude
- (5) Shall exercise powers conferred upon him for achieving business goals of the Company in a fair and honest manner with reasonable direction and after weighing of the consequences of such use
- (6) Shall respect the confidentiality of any proprietary information accessed during the course of discharge of duties and ensure that such information is not used for personal gain

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- (7) Shall act on the business principal of equity and justice, confidential interest of client and ultimate goal of the Company
- (8) Shall commit to observance laws and to the avoidance of any conduct which may be considered illegal under the same
- (9) Shall not trade, directly or indirectly for shares, securities and commodities considering the ‘price sensitive information’ which they may have direct access / influence and exposure by virtue of their fiduciary position or office of profit
- (10) Shall not act upon any confidential information relating to clients especially in share, securities and commodities other than in official capacity in the ordinary course of business
- (11) Shall not commit verbal or physical conduct of a sexual nature to anyone
- (12) Shall refrain from indulging in any discriminatory practice. Subject to compliance with applicable laws regarding positive discrimination, individuals in all aspects of employment are not discriminated against on the basis of race, religion, colour, age, disability, gender, sexual orientation or marital status, and the sole criterion for recognition within the Company be that of work performance.
- (13) Racial, sexual or any other kind of harassment is not tolerated within the Company. Personal beliefs of individuals are respected and that Company specifically disassociates itself from any activity, which challenges our commitment to cultural diversity and equal opportunities.
- (14) must abide by the Company's standards in safety matters, do their part to maintain a healthy and safe work environment and take necessary steps to ensure their own safety and the safety of others
- (15) should ensure that the Company adopts most efficient energy management system, prevention of energy waste and utilization of natural resources in all plants.
- (16) The Board of Directors generally will not grant waivers to the Code. Covered Parties seeking waiver must make full written disclosure of the particular situation to the Board and the waiver, if granted, must be approved in writing by the Chairman of the Board and promptly disclosed

3. Honesty, Integrity and Ethical Conduct

All Directors and Senior Management Personnel are required to act in accordance with the highest standards of personal and professional integrity, honesty, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company’s business or operations and

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at social events and shall conduct their activities, on behalf of the Company and on their personal behalf, with the highest standards of personal and professional integrity, honesty, fairness, good faith, with diligence and responsiveness, excellence in quality, with academic responsibility and freedom and ethical conduct. All Directors and Senior Management Personnel shall act in good faith, responsibility, with due care, competence and diligence, without allowing their independent judgement to be subordinated/ compromised.

An honest conduct is considered as such when a conduct is free from fraud or deception. We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct and include ethical handling of actual or apparent conflicts of interests between personal and professional relationships.

4. Conflict of Interest

The Directors and Senior Management Personnel are expected to avoid and disclose any activity or association or any situation where their personal interest conflicts or could conflict with their obligations towards the company or where it appears to create a conflict between the personal interest or the companies business interest. A conflict exists where the interest or benefits of one person or entity conflict with the interests or benefits of the Company. A conflict of interest, actual or potential, may, arise inter alia where, directly or indirectly:

- (i) the person engages in a business, relationship or activity that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the interests of the Company.
- (ii) the person is in a position to derive a personal benefit or a benefit to any of his or her Relatives by making or influencing decisions relating to any transaction; or
- (iii) an independent judgment of the Company's best interest cannot be exercised.

Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment on behalf of the Company. They must not, directly or through any members of the families, relatives or persons living with them or with whom they are associated, or in any manner:

- (1) Have any financial interest that could have a negative impact on the performance of their duties, or derive any financial benefit from any contract between the company and a third

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party, where they are in a position to influence the decisions that are taken regarding that contract; or

- (2) Attempt to influence any decision of the Company concerning any matter with a view to derive any direct or indirect personal benefit
- (3) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
- (4) Any transactions having conflict of interest should be carried out in accordance with law and be fully disclosed to the Board and, upon a decision being taken in the matter, the person concerned will be required to take necessary action as advised to resolve/avoid the conflict.
- (5) If the Director or Senior Management fails to make a disclosure as required herein, and the Board of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the concerned person, the Board would take a serious view of the matter and consider suitable disciplinary action against the person concerned.
- (6) Directors & the senior management personnel are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest. When in doubt, Disclosure is the best way out.

General guidelines to better understand several of the most common examples of situations that may cause a conflict of interest are listed below and these include the main areas of actual and potential conflict. This list is not exhaustive as it is impractical to list all possible situations. Hence, All such situations which arise questions or doubts may be brought to the notice of the Board.

Employment outside the Company.

- Executives Directors and Senior Management personnel shall not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without approval of the Board. Any outside activity must be strictly separated from the company's employment and should not harm job performance at the company. The Executive Directors and the Senior Management personnel shall devote themselves exclusively to the business of the Company and shall not accept any other work or assignment (part-time or otherwise).

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Financial Interest

Financial interest of the person or his Relatives, including the holding of an investment to an extent of 2% or more in the subscribed share capital of any company or share to an extent of 2% or more in any firm which is an actual or potential competitor, joint venture or other alliance partner, or a material supplier, customer, distributor or other person having a material business relationship with the Company

The person conducting business on behalf of the Company, or being in a position to influence a decision with regard to the Company's business with a supplier or customer of which his or her Relative is a principal officer or representative, resulting in a benefit to him/her.

Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a Relative of the person, where such an individual is in a position to influence the decision with regard to such benefit or his/her Relative or use of personal influence to make the company do business with a company/ institution in which his/her relatives are interested. As a general rule the Directors and Senior Management should avoid conducting Company's Business with a relative or with an entity in which the relative is associated in any significant role and in case of conflict the same should be disclosed and prior approval taken from Board or as soon as the interest thus arise.

Acceptance of Memberships/ Chairmanships/ Directorship etc.

Acceptance of Directorship/ Chairmanship/Membership on the Boards/ Committees of other Companies, which compete with the Company amounts to conflict of interest. Helping the community by serving on Boards of non-profit or welfare organizations is encouraged, and does not require prior approval however an intimation of the same is appreciated.

Acceptance of Gifts

Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Covered Parties shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or

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perceived to obtain business or uncompetitive favours for the conduct of its business. However, the Board Members and Senior Management may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events

Gifts on behalf of the Company -Some business situations call for giving gifts. These gifts shall be legal, reasonable. Directors and senior Management personnel shall not pay bribes. It is understood that gift giving practices vary among cultures and countries. Directors and Senior Management personnel shall not provide any gift if law or the policy of the recipient's organization prohibits it. For example, the associates of many government entities around the world are prohibited from accepting gifts.

Investments

Directors and Senior Management personnel may not allow their investments to influence, or appear to influence, their independent judgment on behalf of the Company. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a Director or Senior Manager has a significant investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party.

Diversion of Business

Directors and Senior Management personnel shall not divert business opportunities of the Company, by exploiting for their own personal gain. However the Directors and Senior Management personnel can pursue such business opportunities once they are fully disclosed to the company and the company declines to pursue such opportunities.

Use of Assets of the Company

The assets of the Company shall be used for legitimate business purposes and shall not be used for personal purposes. Incidental personal use, if reasonable does not amount to violation of the code.

5. Transparency and Auditability

All Covered Persons shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise. Such transparency shall

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be brought about through appropriate policies, systems and processes. All managers shall voluntarily ensure that their areas of operation are open to audit and the conduct of their activities is totally audit able

6. Financial Reporting, other Reports & Records

The Company shall prepare and maintain its financial statements fairly and accurately in accordance with the applicable laws and accounting standards. Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company's auditors and other authorised parties. Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the Code.

Covered Parties shall endeavour to produce full, fair, accurate, timely and understandable disclosures in reports and documents that the Company files with or submits to the regulators and in other public communications made by the Company. The Directors and Senior Management personnel shall provide only public information to the analyst/research person/large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest. The Directors and Senior Management personnel must maintain the confidentiality of information relating to the affairs of the Company until and unless authorized or legally required to disclose such information; and shall not use confidential information for their personal advantage.

7. Confidentiality of Information

Directors and Senior Management personnel shall ensure and take all reasonable measures to protect the confidentiality of non-public information about the company, its business, customers and other materially significant information obtained or created in connection with any activities with the company and to prevent unauthorised disclosure of such information unless required by applicable laws or regulations or legal or regulatory process.

Any information concerning the Company's business, its customers, suppliers etc., which is not in public domain and to which Directors and Senior Management Personnel have access or which

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is possessed by them by virtue of their position / status in the Company must be considered confidential and held in confidence, unless (i) authorised by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

Directors and Senior Management Personnel shall not provide any information either formally or informally, to the press or any other publicity media, unless specifically authorised. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorised Directors and/or employees, which the Board may authorise. The list of such authorised Directors / employees of the Company shall be notified to the Directors / Senior Management personnel from time to time.

8. Prevention of Insider Trading

Directors and Senior Management Personnel should not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitutes insider information.

Directors and Senior Management personnel shall also comply with the existing Code of Conduct for Prevention of Insider Trading laid down in conformity with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 all insider-trading guidelines issued by the Securities Exchange Board of India from time to time.

9. Legal and Statutory Compliances

- ✓ It is the general obligation of the Directors to conduct the business and operations of the Company in accordance with the laws, rules, regulations, agreements, guidelines; standards including accounting standards governing its operations in the geographies the Company operate. The Directors and Senior Management personnel shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to perform their obligations diligently. The Directors and Senior Management personnel shall also comply with the internal policies and procedures of the Company to the extent applicable to them including but not limited

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to compliance with Prohibition of Insider Trading policy of the Company.

10. Competition, Fair Business Practices and Dealing

The Directors and Senior Management personnel are obligated to deal fairly and honestly with each other, the Company's associates and with the Company's customers, suppliers, competitors and other third parties. Directors and Senior Management personnel shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Company is committed to free and open competition in the marketplace.

Directors and Senior Management personnel shall avoid actions that could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

It is the duty and obligation of every Director and Senior Management person to comply with this code of conduct and he/she shall acknowledge and affirm ongoing compliance with the code on an annual basis. Any violation of the code shall be reported to the Chairman of the Board and to the Compliance Officer of the Company. This code of conduct shall be posted on the website of the Company.

11. Company Meetings

The Directors should attend the Board/general / committee meetings comprehending the agenda of the meeting circulated to them. They should also endeavour to attend all the Board/general/committee meetings scheduled in the year.

12. Related Party Disclosures

The Directors shall make disclosure to the Board, and the Senior Management Personnel shall make disclosure to the Chairman of the Company with respect to any transaction with the

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Company in which such person is interested and in respect of which a conflict of interest can arise between the Company and the person concerned. Such disclosure shall be in accordance with the Accounting Standard (AS) 18 issued by the council of the Institute of Chartered Accountants of India in respect of “ Related Party Disclosures”

13. Internal Control

Directors and Senior Management Personnel should maintain and should cause the Company to maintain a proper and adequate system of internal controls for financial reporting

14. Corporate Governance

Directors and Senior Management Personnel should sincerely follow and should cause the Company to follow the philosophy of good corporate governance by possessing strong business fundamentals and delivering high performance through relentless focus on transparency, accountability, professionalisation and corporate social responsibility for enhancing shareholders' value and contributing to society at large.

15. Human Resources/ Employee Relations

Directors and Senior Management Personnel should strive for causing the Company to maintain cordial employee relations. Executive Directors and Senior Management Personnel should cause the Company to build competency-based human resource systems and maintain human resources policy that has been directed at managing the growth of the organization efficiently. Executive Directors and Senior Management Personnel should assist the Company in further aligning its human resource policies, processes and initiatives to meet its business needs.

16. Quality of Services and Products

Executive Directors and Senior Management Personnel should ensure that the Company is committed to supply products and services of the highest quality standards backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. Executive Directors and Senior Management Personnel should cause the Company to

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strive towards proper application and adoption of product safety standards as applicable to the industry.

17. Shareholders

Directors and Senior Management Personnel shall be committed to enhance shareholder value and in ensuring that the Company complies with all regulations and laws that govern shareholders' rights. Directors and Senior Management Personnel should cause the Board to duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

18. Non Compliance with the Codes

It shall be the duty of Directors and Senior Management Personnel to help the enforcement of the Code and any breach if communicated / noticed is to be reported to the Board. In case of breach of this Code by anyone, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary

19. Amendments

The provisions of this Code can be amended/ modified by the Board from time to time and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management Personnel shall be duly informed of such amendments and modifications.

20. Acknowledgement

The Directors and Senior Management personnel shall read and fully understand this model code of conduct and comply with the policies procedures and principles contained therein.