

## CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT OF AVERY INDIA LIMITED.

### PREAMBLE

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

A Code of Conduct by way of General Guidelines for Managers was incorporated in Avery HR Manual and circulated to all the employees in July 2004. This Code has now been re-drafted for better presentation keeping in view requirements of Clause 49 of listing Agreement. This code does not attempt to describe all potential problem areas that could develop, but some of the more common problems are described below:

### APPLICABILITY

The Code of Conduct shall apply to:

- 1) all Directors of the Company, whether executive or non-executive including nominee directors;
- 2) all Managers of the Company from the rank of General Manager and above.
- 3) all Managers of the Company, reporting directly to the Managing Director irrespective of their grade.

### THE CODE

All Directors and Managers:

#### I. CONFLICT OF INTEREST:

- 1) Shall avoid situations in which their personal interest could conflict with that of the Company.
- 2) Shall disclose to the appropriate authority/body all cases of Conflict of Interest or potential Conflict of Interest between the person and the Company.

A conflict situation can arise:

- When he takes action or has interests that may make it difficult to perform his work Objectively and effectively,
- The receipt of improper personal benefits by a member of his family as a result of one's position in the Company,
- Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his responsibilities with the Company,

- The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings,
- Any significant ownership interest in any supplier, customer, development partner or competitor of the Company,
- Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.

The list is illustrative and not exhaustive.

## II. TRANSPARENCY AND AUDITABILITY

- 1) 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 be brought about through appropriate policies, systems and processes, including as appropriate, segregation of duties, tiered approval mechanism and involvement of more than one manager in key decisions and maintaining supporting records.
- 2) Shall voluntarily ensure that areas of operation are open to audit and the conduct of activities is totally auditable.

## III. PROTECTION OF CONFIDENTIAL INFORMATION /CONFIDENTIALITY/ PUBLICITY

- 1) Shall not divulge or cause to be divulged, any information/document that comes into his possession as a result of his work with the Company to anyone else.
- 2) Shall treat all information pertaining to the Company and its work as confidential and classified.
- 3) Shall respect the confidentiality of data made available to him from time to time. Such respect for confidentiality shall also continue after such person ceases to hold office as Director or serve the organization.
- 4) Shall not give any statement detrimental to the interest of the Company to the press or any other form of media.

## VI. COST CONSCIOUSNESS

- 1) Shall exercise their responsibilities with utmost cost consciousness within the organization and shall promote the same.
- 2) Shall not use any facility of the Company for their personal use except when such facility has been provided for personal use by policy or specific permission.
- 3) Shall manage time, cost and quality. Shall deliver the targeted results within the specified time, allowed budget and as per the established standards and specifications. He may delegate responsibility and commensurate authority to his subordinates, but he shall always be accountable for the results of his group or department.

## V. SAFETY, SECURITY AND ADHERENCE TO COMPANY RULES

Shall ensure Safety and security of Company properties. Fire protection, pollution control, maintaining discipline, cordial industrial relation and healthy work environment are the personal and collective responsibility of all Managers. Every Manager should know the Company Policies in respect of all these matters and follow the Rules and Procedures laid down to carry out these Policies.

#### VI. TECHNICAL AND PROFESSIONAL COMPETENCE

Shall keep himself technically and professionally competent at all times. He must keep himself update with the technological innovations and professional developments in his field through study, training courses and other means. He must be well versed in various management techniques, particularly work planning, budgeting, monitoring and control, productivity and work measurement, inventory control, supervision, result orientation, performance appraisal and communication.

#### VII. DEALING WITH SUPPLIERS, CUSTOMERS AND THIRD PARTIES

Gifts or personal favours of any commercial value should not be accepted. It should be made clear to third parties that any personal favours can only negatively influence business relationship. Business decisions will be based solely on benefits to the Company and not by considerations of personal gains.

#### VIII. LEAD BY EXAMPLE

- 1) Shall maintain discipline and never abdicate Management prerogatives.
- 2) Must be fair, firm, impartial and equitable in taking decisions, distributing work, rewards and in disbursing justice.
- 3) Should provide leadership and influence subordinate behavior in the direction desired by the Company.
- 4) Shall accept the Company objective of Profits commensurate with efforts made and risks taken. He must understand that Profits are not something that occurs in the Balance Sheet at the end of the year. His daily performance at the shop floor or office or in the market place makes or unmakes Profits. He must meet the daily target, control wastage, take care of the plant equipment and instruments, work for zero defect and establish good relations with customers, suppliers, workers, colleagues and other concerned agencies.

#### IX. LEGAL COMPLIANCE

- 1) Shall adhere to the Insider Trading Code of the Company.
- 2) Shall take every reasonable step to ensure adherence to the laws of the land.

#### X. GENERAL

- 1) Shall at all times make an endeavor to attend such meetings /occasions including Board and Committee meetings as are required of the person for the benefit, growth and development of the Company.
- 2) Shall dedicate sufficient time, energy and attention to the Company to ensure diligent performance and be aware of and seek to fulfill his or her duties and responsibilities as set forth in the Company's Memorandum & Articles of Association and Corporate Governance Guidelines.
- 3) Shall not use abusive or offensive language at the workplace or any such location connected to official business.
- 4) Shall not knowingly suppress a material fact, which can be detrimental to the interest of the Company, from the appropriate authority/body.
- 5) Shall not make any statement; verify any return or form, containing any particulars, knowing it to be false.
- 6) Shall practice a conduct of giving highest respect to humans and human values and must promote the same.

For Managers of the Company 'appropriate authority' means the designated reporting authority of the Manager, or the Managing Director of the Company if he is the designated reporting authority of the Manager concerned. In case of members of the board, the appropriate authority shall be the Board of Directors and in exceptional cases, the Chairman of the Board.

#### NO RIGHTS CREATED

This Code sets forth guidelines for conduct for the Directors and Managers. It is not intended to nor does it create any right in favour of any Director or Manager, client, supplier, customer, shareholder, or any other person or entity.

#### WAIVER

Any waiver of any provision of this Code of Conduct for a Director or Manager must be placed for approval before the Board of Directors.