

CODE OF CONDUCT AND ETHICS

INTRODUCTION

The Board of Directors of The Cochin Malabar Estates & Industries Limited have adopted the “Code of Conduct and Ethics” (hereinafter referred to as “The Code”) to help in maintaining the standards of business conduct for the Company and ensures compliance with legal requirements.

The object of “The Code” is to deter wrongdoing and promote ethical conduct. The matters covered in “The Code” are of utmost importance to the Company, its shareholders and its business associates.

“The Code” is designed to assist in defining appropriate personal and professional conduct, to provide guidance in the identification and resolution of ethical issues, and to help the Members of the Board, Members of the Senior Management and Officers of the Company to maintain the culture of honesty, integrity, transparency and accountability. Since no code or policy can anticipate every situation that may arise, “The Code” is intended to provide guidance for handling unforeseen situation which may arise. The Company is committed to continuously reviewing and updating “The Code” from time to time.

Each Director, Members of the Senior Management and Officers of the Company must comply with the letter and spirit of “The Code”.

For the purpose of “The Code”, ‘Senior Management’ would comprise Members of the management one level below the Executive Director, including all functional heads.

APPLICABILITY OF “THE CODE” TO DIRECTORS, MEMBERS OF THE SENIOR MANAGEMENT AND OFFICERS OF THE COMPANY

“The Code” applies to the Members of the Board of Directors, Members of the Senior Management and Officers of the Company.

1. COMPLIANCE WITH LAW:

All Directors, Members of the Senior Management and Officers of the Company must respect and comply with all laws, rules and regulations of India and other countries in which the Company conducts its business. Violating the law must be avoided under all circumstances, especially violations punishable by imprisonment, monetary penalties and fines.

2. CONFLICT OF INTEREST:

Each Director, every Members of the Senior Management and every Officer of the Company should endeavour to avoid any conflict of interests with the Company. A ‘conflict of interest’ exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. The Directors, Members of the Senior Management and Officers of the Company must avoid situations involving actual or potential conflict of interest.

Conflict of interest may also arise when a Director or a Member of the Senior Management or an Officer or Members of his or her family, or an organization with the Director or Senior Management is affiliated, receives improper benefits as a result of the Director’s or Senior Management’s or Officer’s position.

Any situation that involves or may involve a conflict of interest must be promptly disclosed to the Company's Executive Director or Chairman of the Audit Committee. No transaction which involves an actual or potential conflict of interest should be undertaken without prior approval of the Executive Director and Managing Director and in case of Directors without the approval of the Board of Directors.

3. FAIR DEALING:

Every Director, Members of the Senior Management and Officers should endeavour to deal fairly with the Company's customers, suppliers, dealers, investors, competitors and employees. No Director or Member of the Senior Management or Officer of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

In addition to strict compliance with all legal aspects, all Directors, Members of the Senior Management and Officers are expected to observe the highest standards of business and personal ethics in the discharge of their assigned responsibilities.

4. GIFTS AND BUSINESS ENTERTAINMENT:

The Directors, Members of the Senior Management or the Officers of the Company shall not under any circumstances solicit, accept or agree to accept anything of value for the benefit of any person from anyone doing or seeking to do business with the Company that is perceived as intended, directly or indirectly, to influence any business decision. Invitations from business partners, especially suppliers may only be accepted if the occasion and the scope of the invitation are appropriate and if refusing the invitation is discourteous.

5. CORPORATE OPPORTUNITY:

The Directors, Members of the Senior Management and Officers of the Company shall not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity.

Directors, Members of the Senior Management and Officers are prohibited from –

(a) Taking for themselves personally any opportunity that properly belongs to the Company or is discovered through the use of corporate property, information, or position;

(b) Using corporate property, information, or position for personal gain; and

(c) Competing with the Company.

If any of Directors or Members of the Senior Management or Officers reasonably believe that a contemplated transaction might be a corporate opportunity or a competitive transaction, the Director or Member of the Senior Management or Officer should make full disclosure to the entire Board and seek its authorization to pursue such transaction.

6. CONFIDENTIALITY:

The Company's confidential information is a valuable asset and includes product information, product plans and list of customers, dealers and employees and financial information. All confidential information must be used for Company's business purpose only. Every Director, Member of the Senior Management and Officer of the Company must safeguard it.

The Directors, Members of the Senior Management and Officers of the Company must maintain the confidentiality of the information entrusted to their knowledge by the Company or its customers and any other information which comes to them about the Company, except when disclosure is authorized or legally required. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, if disclosed.

7. PROTECTION AND PROPER USE OF COMPANY'S ASSETS:

All Directors, Members of the Senior Management and Officers of the Company at all levels should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have direct impact on the Company's profitability.

8. ENCOURAGING THE REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR:

Directors and Members of the Senior Management should endeavour to ensure that the Company

(a) Encourages employees to talk to their superiors and other appropriate personnel when in doubt about the best course of action in a particular situation;

(b) Encourages employees to report violation of laws, rules, regulations or the Company's Code of Conduct and Ethics to appropriate personnel;

(c) Informs employees that the Company will not allow retaliation for reports made in good faith.

9. INSIDER TRADING IN SECURITIES:

It is prohibited to trade in securities or to tip others to trade in securities of the Company on the basis of insider information before it is made available to the public and information about the event has been sufficiently disseminated in public to enable investors to evaluate it. 'Insider information' means any information which is not public knowledge and which can be used to influence an investor's decision to purchase, sell or keep a security.

Insider trading rules are strictly enforced, even in instances when the financial transactions seem small. To avoid the appearance that any Director, Member of the Senior Management or Officer of the Company is trading on inside information, no Director or Member of the Senior Management or Officer of the Company directly or indirectly should engage in short sales or trade in puts, calls or other options on the securities of the Company.

The purpose of this policy is both to inform the legal responsibilities and to make clear to the Directors, Members of the management team and Officers of the Company that the misuse of sensitive information is contrary to Company policy and applicable securities regulation laws of India.

10. INDEPENDENT DIRECTORS

The following Code in addition to the above is a guide to professional conduct for independent directors.

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

11. ADMINISTRATION AND WAIVER:

Any waiver of any provision of this Code for Director or Members of the Senior Management or Officers of the Company may be granted only by the Board of Directors, upon recommendation of the Audit Committee and shall be promptly disclosed as required by any applicable law. Any waiver must be accompanied by appropriate controls designed to protect the Company.

12. MONITORING CODE COMPLIANCE:

Each Director, Member of the Senior Management and Officer of the Company is expected to monitor his or her personal compliance with this Code. An Annual reaffirmation of compliance with this Code is required of all Directors and all Members of the Senior Management of the Company.