

**STERLITE POWER TRANSMISSION LIMITED\***

**INSIDER TRADING PROHIBITION CODE**

- **Code of Conduct to Regulate, Monitor and Report Trading in Securities of the Company;**
- **Policy & Procedures for Inquiry in case of leak of Unpublished Price Sensitive Information;**
- **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information & Policy for determination of “Legitimate Purpose”**

**Owner:**

Corporate Secretarial Department

**Issue Date:**

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**Version:**

Insider trading prohibition code – 2.0

\*The Policies listed above, to the extent they are applicable to an un-listed public company, shall become applicable from the date of its approval by the Committee/Board, as the case may be. Post listing of the equity shares of the Company with the Stock Exchange(s), the policies would become fully applicable to the Company.

## **Code of Conduct to Regulate, Monitor and Report Trading in Securities of the Company**

### **Background**

Preventing insider trading is necessary to comply with securities law and to preserve the reputation and integrity of Sterlite Power Transmission Limited (the “**Company**”) and all persons associated with it. “Insider Trading” may occur when any person subscribes, buys, sells, deals, or agrees to subscribe, buy, sell, deal in any securities and trades while in possession of inside information relating to the Securities of the Company or securities that are listed or proposed to be listed. As explained later in the Code, “Inside Information” is information relating to a company that is listed or proposed to be listed or its securities which is considered to be both “price sensitive” and “not generally available”. Insider Trading is an offence punishable under extant laws in India. Insider Trading is prohibited and could result in serious sanctions, including dismissal from the employment of the Company of the concerned persons.

This Code has been formulated to regulate, monitor and report trading by the Designated Persons to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The Code is prescribed to ensure that the Designated Persons do not trade in the Securities of the Company when in possession of UPSI, and to prevent any speculative dealings, knowingly or unknowingly, by the Designated Persons.

The Company has no tolerance for any form of Insider Trading or similar unlawful security related trade practices.

### **References**

This Code should be referred to in conjunction, amongst others, with the following:

- SEBI (Prohibition of Insider Trading) Regulations 2015, as amended from time to time;
- Applicable provisions of Companies Act, 2013 as amended from time to time;
- Company’s Code of Business Conduct & Ethics;

### **Interpretation**

Words and expressions not defined in this Policy shall have the same meaning as contained in the SEBI (Prohibition of Insider Trading) Regulations, 2015 (SEBI PIT Regulations), Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder.

### **Scope & Applicability**

This Code is applicable to all Insiders. Every Insider must review this code. Questions regarding this Code should be directed to the Compliance Officer at email Id [secretarial.grid@sterlite.com](mailto:secretarial.grid@sterlite.com).

### **Definitions**

#### **Insiders include:**

1. Designated Persons comprising:-
  - a. Promoters, Directors, KMPs & Senior Management
  - b. Directors & KMP of holding & material subsidiary
  - c. Group EXCO
  - d. BU Heads
  - e. EAs/ PAs of Directors & KMPs
  - f. Employees of following department (Mumbai & Delhi Corporate Office) – who are deemed to be privy to UPSI.
    - Treasury
    - Corporate Finance including FP&A and Financial Reporting team
    - Taxation
    - Corporate Communication
    - Corporate Strategy
    - Commercial
    - Secretarial
    - Legal
    - M&A
    - IT & HR
  - g. Employees of material subsidiaries designated on the basis of their functional role or access to UPSI in the organization by their board of directors;
  - h. Such other persons which in the opinion of the Board or Compliance Officer is in possession of UPSI;
  - i. Immediate Relatives of the Designated Persons as defined above;
2. Connected Person as defined in SEBI PIT Regulations;
3. Any person who is in possession of or having access to UPSI;
4. Any other person who may be included in the ambit of definition of Insider as per applicable SEBI Regulations and US Securities Laws or which in the opinion of the Board or Compliance Officer of the Company needs to be included in the category of Insider;

#### **Immediate Relative**

Means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

**Note:** *If spouse is financially independent and doesn't consult an Insider while taking trading decisions, the spouse won't be exempted from the definition of immediate relative. A spouse is presumed to be an "Immediate Relative", unless rebutted so.*

#### **Unpublished Price Sensitive Information (UPS I)**

Means any information, relating to Company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the Securities and shall, ordinarily including but not restricted to, information relating to the following:-

- a. financial results;
- b. dividends;
- c. change in capital structure;
- d. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- e. changes in Key Managerial Personnel (KMP);

- f. Any other event as may be determined by the Company/ the Compliance Officer which is likely to materially affect the price of the Securities of the Company.

**Trading:**

Means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in or pledge any Securities of the Company, and “Trade” shall be construed accordingly;

 **What Is Insider Trading**

“Insider Trading” is principally the act of Trading in Securities with the advantage of having asymmetrical access to UPSI, which when published, would impact the price of the Securities in the market.

The definition of ‘Trading’ under the SEBI Regulations, is a wide one, and includes, amongst other things, subscribing, buying, selling, dealing, or agreeing to do any of those things. Further, pledging of securities of the Company, while in possession of UPSI, shall be construed as ‘Trading’.

It is generally understood that Insider Trading includes the following:

- Trading by Insiders/ employees/ Designate Persons and their respective Immediate Relatives, while in possession of, or having access to, UPSI, regardless of how one came in possession of or had access to such information; or
- Communicating, providing, allowing access or tipping UPSI to others, including recommending any Trade in Securities of the Company, while in possession of, or having access to, such information.

Trading by Portfolio Managers on behalf of the Insiders is also considered as Insider Trading and hence the Designated Persons are expected to take due precaution while trading in Securities through Portfolio Managers by.

Insiders have independent fiduciary duties to their company and its shareholders not to trade on UPSI relating to the company’s securities. All Directors and Employees of the Company should consider themselves as Insiders with respect to UPSI about business, activities and Securities. Directors and Employees shall neither trade in Company’s Securities while in possession of UPSI relating to the Company nor tip (nor communicate, provide or allow access except on a need-to-know basis in furtherance of Legitimate Purposes, performance of duties or discharge of legal obligations) such information to others.

When a person has traded in securities while in possession of UPSI, his trades would have been presumed to have been motivated by the knowledge and awareness of such information in his possession.

 **Consequence of Non-Compliance with the Policy**

Failure to comply with this Code is a disciplinary issue and may also constitute a criminal offence in certain cases. Any employee including their Immediate Relatives who violates the provisions of this Code shall be liable for such penal/disciplinary/remedial action as may be considered appropriate. All Breaches of this Code with actions taken shall be reported to the Audit Committee & Board of Directors of the Company on a quarterly basis. The above actions of Company will be without prejudice to any civil or criminal action that the regulatory authorities may initiate against such an employee.

 **Penalties by the Statutory Authorities**

If any Insider contravenes any of the provisions of the Insider Trading Code / SEBI Regulations, such

Insider will be liable for appropriate penal actions in accordance with the provisions of the SEBI Act, 1992.

### **Various Procedures which have been put in place by the Company to Prevent Insider Trading**

The following procedures have been established, and will be maintained and enforced, by the Company to prevent Insider Trading. Every Designated Employee required to follow these procedures:-

#### **Restrictions on Access to UPSI**

##### **Access to Information:**

While dealing with UPSI, including in relation to the Company's business, earnings or prospects, capital raising, etc., the Company/ Compliance Officer shall ensure that any disclosure of UPSI will be on a need-to-know basis only and that no communication of UPSI takes place, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligation;

Designated Persons are obliged to treat UPSI with due care and have a duty to safeguard UPSI irrespective of source of receipt of UPSI. Designated Persons shall use UPSI for the specified purpose only and not for any personal gain/ avoiding any loss/ breach of applicable law.

##### **Inquiries from Third Parties**

Inquiries from third parties, such as analysts or members of the media, about the Company should be directed/handled as per internal policy.

#### **Limitations on Access to UPSI**

The following procedures are designed to maintain confidentiality of UPSI:

- a. Designated Persons should take all steps and precautions necessary to restrict access to, and secure, UPSI by, among other things:-
  - i. maintaining the confidentiality of UPSI;
  - ii. conducting their business/ professions and personal/ social activities so as not to risk inadvertent disclosure of UPSI;
  - iii. reviewing confidential documents in public places should be restricted so as to prevent access to UPSI by unauthorized persons.
- b. Restricting access to documents and files (including computer files) containing UPSI to persons on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
- c. Files containing UPSI shall be kept secured with restricted access, and computer files containing UPSI should be protected with the help of login, passwords, etc. Appropriate physical and informational barriers shall be put in place to ensure confidentiality of UPSI;
- d. Promptly removing and cleaning up all confidential documents and other materials containing UPSI from conference rooms following the conclusion of any meetings;
- e. Disposing of all confidential documents and other papers containing UPSI, after there is no longer any business or other legally required need, through shredders when appropriate;
- f. Restricting access to areas likely to contain confidential documents or UPSI; and
- g. Avoiding any discussion pertaining to UPSI in places where the information could be overheard by

others, such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs, etc.;

- h. Persons in possession of, or having access to, UPSI, to the extent feasible, should conduct their business and other activities in areas separate from other Company activities, so as to avoid any leak of UPSI.

#### **Chinese Walls Procedures**

In terms of the Code, Designated Persons are considered as persons having access or expected to have access to UPSI.

To prevent the misuse of UPSI, the Company will maintain “Chinese Walls” and segregate the premises into inside areas and public areas. Inside areas refer to those areas and departments of the Company in which UPSI may ordinarily be available. Public areas refer to those areas where any UPSI would ordinarily not be available, and to which any outside person may be allowed access.

Inside areas shall be accessible in normal course only to Designated Persons. Designated Persons in the inside area shall not communicate any UPSI to anyone in public area. Further, Employees who are Designated Persons are to be physically segregated from Employees in public area. In exceptional circumstances Employees from the public areas may be brought “over the wall” and given confidential information on the basis of “need to know” criteria, under intimation to the Compliance Officer.

Wherever there is a requirement of sharing UPSI by any Designated Person with another Employee/external third parties, etc., in furtherance of legitimate purposes, performance of duties or discharge of his/ her/ its legal obligations, the person to whom such information is proposed to be shared, shall be “wall-crossed” through wall-crossing procedure set out below.

#### **Procedure for wall-crossing**

In the event any person is required to be wall – crossed, i.e., brought over the Chinese Wall in order to obtain access to the UPSI for a specific purpose, prior approval of the Compliance Officer must be sought. The Compliance Officer shall consider whether the person being wall – crossed, is being provided UPSI on a need– to – know basis. Further, UPSI shared with such wall – crosser should be limited to the specific transaction or purpose for which such person’s assistance is required.

Persons who are wall – crossed / receive UPSI should be notified that they would be deemed to be ‘Designated Person’ and ‘Insider’ under this Code and that consequently, such persons will be required to comply with all applicable provisions of the Code and the SEBI Regulations, till such information remains UPSI.

Appropriate records of all wall crossings will be maintained. Further, the Compliance Officer will be informed of all instances wherein a person has been wall-crossed (at the time of such wall – crossing), in accordance with the procedure set out above, so as to enable the Compliance Officer to maintain appropriate records in this regard.

#### **Intimation of Duties & Responsibilities to the recipient of UPSI**

Any recipient of UPSI shall be deemed to be 'Designated Person' and 'Insider' for purposes of this Code. Accordingly, such persons will: (a) execute agreements to undertake confidentiality and non-disclosure obligations; (b) keep the information so received confidential; (c) utilise the UPSI only for the specified purpose; and (d) otherwise not Trade in Securities of the Company when in possession of, or having access to, UPSI.

#### **Digital Database of recipient of UPSI**

As required under Regulation 3(2) of the SEBI Regulations, Compliance Officer as may be authorized by the Board, shall maintain a structured digital database of such persons or entities as the case may be with whom UPSI is shared, along with the following information pertaining to the recipients;

- ✓ Name of such recipient of UPSI;
- ✓ Name of the Organization or entity which the recipient represents
- ✓ Postal Address and E-mail ID of such recipient
- ✓ Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available

Such database shall be maintained in accordance with the SEBI Regulations from time to time, including through adequate internal controls and checks.

#### **Internal Control System**

There shall be adequate and effective system of internal controls to ensure compliance with the requirements given in this Code and SEBI Regulations to prevent Insider Trading. The internal controls shall include:-

- a. Identifying persons who have access to, or are expected to have access to UPSI, as Designated Persons;
- b. Identifying UPSI and maintaining its confidentiality as required under applicable laws;
- c. Putting in place adequate restrictions on communication, or procurement of UPSI;
- d. Maintaining a list of all persons with whom UPSI is shared and making them aware of their confidentiality and other obligations under the Code;
- e. Periodic review the measures and internal controls implemented to evaluate their effectiveness.

#### **Trading Plan**

An Insider shall be entitled to formulate a Trading Plan in compliance with SEBI Regulations for dealing in Securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan in **Annexure IX**

#### **Pre-Clearance of Trades by Designated Persons**

To provide assistance in preventing inadvertent violations of applicable SEBI Regulations and US Securities Laws and to avoid the appearance of impropriety in connection with the purchase and sale of Company's Securities, any transactions in Company's Securities (including without limitation, acquisitions and dispositions of Company's Securities) by the Designated Persons must be pre-cleared.

In case of stock options (ESOPs), exercise of options is allowed without pre-clearance. However, the sale of shares allotted on exercise of stock options would require pre-clearance.

The pre-clearance needs to be approved and obtained as under:

- All Pre-clearances needs to be applied to the Compliance Officer;
- The Pre-clearances will be approved jointly by the Group CFO, and the Compliance Officer of the Company.

The Designated Persons may trade in the Company's Securities only after obtaining pre-clearance of the proposed transactions from the Compliance Officer by submitting an application as per Annexure I and declaring that they are not in possession of any price sensitive information.

Any oral request from the Designated Persons under this Code and/or oral confirmation for trading in Securities of the Company is not acceptable and shall not be regarded as a valid request or approval for trading in Securities of the Company.

The approval/rejection would be conveyed through electronic mail. If a request to trade is refused, the Compliance Officer shall provide a written statement of the reasons, to the extent possible, for withholding his or her consent.

Unless the Designated Person concerned receives a formal communication from the Compliance Officer granting clearance to trade, no approval shall be deemed to have been granted and the Designated Person cannot trade in Securities of the Company.

While granting permission, the Compliance Officer may impose certain conditions or restrictions, as may be necessary. The Compliance Officer shall also have regard to whether any declaration provided by Designated Person applying for pre-clearance is reasonably capable of being rendered as inaccurate.

Also, Designated Person can trade only upto the number of Securities for which the approval is granted by the Compliance Officer. Any trade which is in excess of number of Securities for which approval has been granted or which is of a kind different from what has been approved, is not permissible. The same will require a fresh approval as provided in the Code.

*As an example, if approval has been granted to employee "A" for buying 100 shares, then subject to other conditions of the Code, "A" can buy upto 100 shares but cannot undertake any sale of shares. Also, approval for "A" will not be construed as approval for another employee "B", unless the process as provided in the Code is followed by "B".*

The pre-clearance once approved, shall be valid for a period of 7 trading days from the date of approval. The transactions shall be executed in single/ multiple tranche as may be approved;

The Designated Person shall file within 2 (two) working days of the execution of the deal, the details of such deal, with the Compliance Officer in the prescribed form as per Annexure II;

If the order is not executed within 7 trading days after the approval is given, the Designated Person must pre-clear the transaction again. The Designated Person shall also be required to provide reasons to the Compliance officer, as per format provided in Annexure II, in case no trades are executed or the trades executed are for lower quantity than the quantity for which the approval was sought.

The Designated Persons shall not Enter into an opposite transaction i.e., sell or buy any number of Securities during the next 6 (six) months following the prior transaction. Provided that this shall not be applicable for trades pursuant to exercise of stock options;



The restriction of contra Trade will not apply in respect of subscription to shares/convertibles in Follow-on Public Offer (FPO); Offer for Sale (OFS); Rights Issue or tendering of Shares in open offer; share buy-back or delisting offer, exit offers etc. The restriction of contra Trade will also not apply to Trades carried out in accordance with a Trading Plan as may be approved;

The Compliance Officer may grant relaxation from strict application of such restriction on an application made in this behalf by the concerned Designated Person and after recording in writing the reasons in this regard; provided that such relaxation does not violate the SEBI Regulations.

In case a contra Trade is executed, inadvertently or otherwise, in violation of the aforesaid restriction, the profits from such Trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act;

The Designated Person shall also not take positions in derivative transactions in the Securities of the Company at any time.;

#### **Trading Window**

The Company shall specify a trading period, to be called the "Trading Window", for trading in the Company's Securities. Any Designated Person shall not trade in any Securities of the Company during the period when Trading Window is closed;

The Trading Window shall be closed not later than the end of every quarter till 48 hours after the declaration of financial results. The time for commencement of closing the Trading Window shall be decided by the Compliance Officer. The Trading Window shall be opened not earlier than 48 hours after the UPSI is made public;

Additionally, the Compliance Officer may specify a time for commencement of closing of Trading Window at the time of:

- Declaration of dividends (interim and final);
- Issue of Securities by way of public/rights/bonus issue etc;
- Any major expansion plans or execution of new projects;
- Amalgamation, mergers, takeovers and buy back;
- Disposal of whole or substantially whole of the undertaking;
- Any changes in policies, plans or operations of the Company;

Further any other period as may be notified, from time to time, by the Compliance Officer will also be considered as a closed period.

All Designated Persons shall conduct all their Trading in the Securities of the Company only after obtaining prior approval and in a valid Trading Window and shall not trade in any transaction involving the purchase and sale of the Securities of the Company during the periods when Trading Window is closed, or during any other period as may be specified by the Company from time to time.

When the Trading Window is open, any trading by Designated Persons shall be subject to pre-clearance by the Compliance Officer.

#### **Miscellaneous**

The gap between clearance of financial results by the Audit Committee and Board meeting for approval of such financial results should be as narrow as possible and preferably on the same day to

avoid leakage of UPSI;

In case any provisions of this Code are contrary to or inconsistent with the provisions under the SEBI Regulations, the provisions of SEBI Regulations shall prevail.

#### **Duties of Compliance Officer & Reporting Mechanism**

The Compliance Officer shall, under the supervision of the Board and the Audit Committee, be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of Trades as per the Code and implementation of the Code, maintaining records of the Designated Persons (and their Immediate Relatives) and any changes made in the list of Designated Persons (and their Immediate Relatives) and providing guidance and clarifications sought regarding the SEBI Regulations and the Code;

The Compliance Officer shall submit such reports to the Board and in particular, Audit Committee of the Board, including reports in relation to Trading by Designated Persons, every quarter, to enable them to review compliance with the provisions of this Code and SEBI Regulations and to verify that the systems for internal controls are adequate and are operating effectively;

The Compliance Officer shall maintain records of all the declarations/ disclosures given by the Designated Persons, for a minimum period of five years.

The Compliance Officer shall be authorised to make necessary disclosures with the Stock Exchanges and other relevant statutory authorities in compliance with the SEBI Regulations.

The Compliance Officer shall ensure uniform and universal dissemination of UPSI to avoid selective disclosure.

Prior to approving any Trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any UPSI. He/She shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

The Compliance Officer shall discharge other functions and duties as prescribed in the Code or the SEBI Regulations and such other duties as may be delegated by the Audit Committee and the Board of directors.

#### **Reporting Requirements for Transactions in Securities**

##### **✚ Initial Disclosures by Promoter/Promoter Group, Directors, KMPs, Senior Management & Designated Persons**

Every Promoter/Promoter Group, Directors, KMPs of the Company shall disclose their holding of securities in the company in **Form A as detailed in Annexure III** within 7 days of such appointment or becoming a promoter;

Every person on appointment as a KMP, Senior Management or a director of the Company or upon becoming a Promoter or member of the Promoter Group shall within 7 days of appointment or becoming a Promoter or a member of Promoter Group disclose details of the Securities held in the Company to the Compliance officer in **Form B as detailed in Annexure IV;**

All holdings in Securities of the Company by Designated Persons upon being identified as a Designated Person within 7 days as detailed in **Annexure V.**

#### **Continual Disclosures by Promoter, members of Promoter Group, Directors and Designated Persons**

Promoters, members of Promoter Group, Directors and Designated Persons shall within two trading days of transaction disclose to the Company the number of Securities acquired or disposed of, if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ₹ 10 lacs or such other value as may be specified by the Compliance Officer **in Form C as detailed in Annexure VI;**

The Company shall notify the particulars of Form C received within two trading days of receipt of disclosure or from becoming aware of the transaction to the Stock Exchanges;

#### **Annual Disclosures by Designated Persons**

Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a. Name of Immediate Relatives and persons with whom such Designated Person(s) shares a Material Financial Relationship;
- b. PAN or any other identifier authorized by law of (a)
- c. Phone, mobile numbers of persons mentioned in (a)

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis

**Note:** *“Material Financial Relationship” shall mean a relationship as relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.”*

#### **One Time Disclosure by Designated Persons**

One-time disclosure of names of educations institutions from which Designated Persons have studied and names of their past employers **in Annexure VII**

#### **Disclosure by Connected Persons**

The Compliance officer may, at his/her discretion require any other Insider to make disclosures of holdings and trading in Securities of the Company in such form and at such frequency as may be deemed necessary in order to monitor compliance with these SEBI Regulations in **Form D as detailed in Annexure VIII**

The Compliance officer may from time to time review and modify the formats for submitting disclosures, as may be appropriate.

#### **Responsibility**

It is the responsibility of every Insider to whom the Code is applicable, to follow and comply

with the provisions of the Code. When in doubt, the Insiders may seek assistance of the Compliance Officer for any clarification on any provisions of the Code or other related applicable regulations issued by Securities and Exchange Board of India.



**Protection of employees against retaliation and victimization**

- a. Any suspected violation of leak of UPSI or violation of this Code can be reported under whistle blower mechanism.
- b. Retaliation for reporting suspected violation is strictly prohibited under this Policy.
- c. Employees who reports any alleged violation of insider trading laws in accordance with the Informant Mechanism introduced vide SEBI (Prohibition of Insider Trading) Regulations, 2019, as amended from time to time, will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination

**Review of The Policy**

The Audit Committee and/or the Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.

**Amendments in Law**

Any subsequent amendment/modification in the SEBI Regulations and US Securities Laws, Companies Act, 2013 and/or the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

**Disclaimer**

*THIS POLICY IS ONLY INTERNAL CODE OF CONDUCT AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. EVERY INSIDER IS REQUIRED TO FAMILIARISE HIMSELF WITH SEBI REGULATIONS AS IT WILL BE THE RESPONSIBILITY OF EACH INSIDER (AND HIS RELATIVES) TO ENSURE COMPLIANCE OF THIS CODE, SEBI REGULATION AND US SECURITIES LAWS AND OTHER RELATED STATUTES FULLY.*

## POLICY FOR PROCEDURE OF INQUIRY IN CASE OF LEAK OF UPSI

### **Background**

SEBI Regulations, in terms of Regulation 9A(5), requires the Board to formulate policies and procedures for inquiry in case of leak/suspected leak of UPSI.

Any inquiry into any actual or suspected leak of UPSI needs to be tailored to the facts and circumstances of each such instance. Given that it is not possible to provide a standard operating procedure applicable while enquiring into each such instance of leak/ suspected leak of UPSI, this policy sets out the broad principles that the Board will follow while inquiring into cases of actual or suspected leak of UPSI.

### **Objective**

- a. To strengthen the internal control system to prevent leak of UPSI;
- b. To restrict and prohibit the practice of sharing of UPSI, with the un-authorized person, which originates from within the company and which affects the market price of the Company as well as loss of reputation and investors' / financiers' confidence in the company;
- c. To have a uniform code to curb the un-ethical practices of sharing UPSI by Insiders, Employee & Designated Persons with any person, firm, Company or Body Corporate;
- d. To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and inform the same to the Securities and Exchange Board of India ("SEBI") promptly;
- e. To take disciplinary actions, if deemed fit against any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy, apart from any action that SEBI may initiate/take against the Insider, Employee & Designated Persons.

### **Inquiry Committee**

The Insider Trading Monitoring Committee set up for the said purpose by the Audit Committee shall be the Enquiry Committee which shall be authorized to:-

- a. To conduct a preliminary enquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any;
- b. To authorize any person, if required, to collect necessary support material;
- c. To consider the facts and circumstances and decide / direct on the matter;
- d. To decide disciplinary action thereon.

### **Procedure for inquiry in case of actual /suspected Leak of UPSI:**

- a. Upon becoming aware of actual or suspected leak of UPSI, including by way of:
  - suo motu, including through its internal monitoring; or;
  - a written complaint and/or email received through the whistle blower mechanism of the Company; or
  - communication received from regulatory authorities,the Insider Trading Monitoring Committee shall evaluate and determine if the matter merits any enquiry.
- b. It is clarified that market rumors, inferences based on media reports, or observations made by analysts, etc. will not be the only determining factors for initiating a preliminary enquiry, and the Insider Trading Monitoring Committee, shall have the discretion to decide if a preliminary enquiry is required to be undertaken, in each such case;

- c. In the event the Insider Trading Monitoring Committee so decides, a preliminary inquiry shall be undertaken in case of actual/suspected leak of UPSI. The rationale for the same would be to enable the Insider Trading Monitoring Committee to establish and take cognizance actual facts and to decide if prima facie there appears to be any violation of securities laws. Based on the findings of the preliminary inquiry, the Insider Trading Monitoring Committee may decide if a detailed inquiry is required to be undertaken;
- d. Based on the determination of the Insider Trading Monitoring Committee, a detailed inquiry may be launched in order to assess the veracity of the allegations regarding actual/ suspected leak of UPSI, including through review of the relevant documentation in this regard, as well as conducting interviews, where deemed necessary;
- e. While conducting any inquiry into cases of actual/ suspected leak of UPSI, the Insider Trading Monitoring Committee shall regard to the principles of natural justice. Accordingly, it will accord due opportunity of being heard to the relevant Designated Person / Insider against whom the allegations have been levelled, during the course of inquiry. Further, such persons shall be entitled to make submissions and to lead evidence and depose witnesses etc., in their defence, before the Insider Trading Monitoring Committee, and the Insider Trading Monitoring Committee will be required to assess and consider the same before concluding on the matter.

#### **Outcome of the Inquiry**

Upon the conclusion of the inquiry and on the basis of the outcome thereof, the Insider Trading Monitoring Committee shall decide disciplinary action/penalty, if any, to be awarded to the Designated Person/ Insider. The decision of the Insider Trading Monitoring Committee shall be final and binding.

#### **Disclosure of actual/ suspected leak of UPSI:**

The Compliance Officer shall inform SEBI promptly of such leaks, inquiries and the results of such inquiries as per format provided in **Annexure XI**.

#### **Amendments in Law**

Any subsequent amendment/modification in the SEBI Regulations, Companies Act, 2013 and/or the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

## **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURES OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

The following is the policy for fair disclosure of UPSI:

### **✚ Principles of fair Disclosure and Conduct**

- a. Prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available;
- b. Uniform and universal dissemination of UPSI information to avoid selective disclosure;
- c. Unless otherwise resolved by the Board, the Company Secretary shall act as the investor relations officer to deal with dissemination of information and disclosure of UPSI;
- d. Prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available;
- e. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities;
- f. Ensuring that information shared with analysts and research personnel is not UPSI;
- g. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made;
- h. Handling of all UPSI on a need-to-know basis.

### **✚ Policy for determination of 'legitimate purpose**

In terms of the SEBI Regulations, the term "legitimate purpose" is clarified to include sharing of UPSI in the ordinary course of business by an insider with Company's partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing of UPSI has not been carried out to evade or circumvent the prohibitions of the SEBI Regulations;

The SEBI Regulations require the Board to formulate a policy for determination of 'legitimate purpose', in line with the guidance provided in the SEBI Regulations. The assessment of whether sharing of UPSI for a particular instance would tantamount to 'legitimate purpose' would entirely depend on the specific facts and circumstances of each case. Accordingly, this Policy only sets out the principles that should be considered while assessing if the purpose for which UPSI is proposed to be shared is "legitimate";

Primarily, the following factors should be considered:

- whether sharing of such information is in the ordinary course of business of the Company;
- whether information is sought to be shared to evade or circumvent the prohibitions of the Regulations;
- whether sharing the information is in the best interests of the Company or in furtherance of a genuine commercial purpose;
- whether the information is required to be shared for enabling the Company to discharge its legal obligations;

- whether the nature of information being shared is commensurate to the purpose for which access is sought to be provided to the recipient.

It is clarified that in the event there exist multiple purposes for sharing UPSI, each purpose will be evaluated on its own merits, in line with the aforementioned principles;

The recipient of UPSI shall be informed of the following, by way of written intimation and/ or contractual agreement, such as, confidentiality agreement or non – disclosure agreement, that:

- the information being shared is UPSI and that the Company is the exclusive owner of such UPSI;
- upon receipt of UPSI, the recipient would be deemed to be an Insider and subject to the provisions of the SEBI Regulations, the recipient must maintain confidentiality of the UPSI at all times, the recipient may use the UPSI only for the approved purposes for which it was disclosed;
- the recipient should provide a written undertaking that he/she/it shall not undertake Trades in the securities of the Company while in possession of the UPSI;
- the recipient must extend all cooperation to the Company, as may be required in this regard, and;
- the recipient must also adopt a code of conduct in terms of Regulation 9 of the SEBI Regulations, to inter alia ensure that it safeguards the UPSI in line with the SEBI Regulations;

The information should be shared by the Company, from time to time, in the ordinary course of its business activities with its advisers and service providers, viz., auditors, merchant bankers and legal advisers/consultants of the Company, in line with the aforementioned principles;

Additionally, the Board, or the Compliance Officer or any person authorised by the Board in this regard, shall be responsible for maintaining structured digital database, in compliance with the SEBI Regulations, comprising necessary details of all recipients of UPSI, who receive UPSI in compliance with the SEBI Regulations, including, name, address, email, Permanent Account Number (PAN), or any other identifier authorised by law (where PAN is not available) and such other documents as may be necessary, in the manner that may be prescribed by the Board or SEBI. In this regard, adequate systems and controls shall be put in place to ensure compliance with the SEBI Regulations towards sharing of UPSI for legitimate purposes.

#### **Amendment of this Policy**

The Board/ IPO Committee reserves the right to amend or modify this policy in whole or in part, as it may deem appropriate, to ensure compliance with the SEBI Regulations.



## Sanctions Framework for Consequence Management

- a. Verbal or Written Warning;
- b. Organizing training sessions for other employees and Insiders;
- c. Internal Action, e.g. freeze on increment/promotion, change in role, job level, ineligibility for future participation in the Company's ESOP Scheme;
- d. Monetary Penalty as may be deemed appropriate by the Committee depending on the severity of each case;
- e. Suspension or Employment Termination;

Categorisation of Code Breaches	Suggested Sanctions
<p><b>Technical Breach</b></p> <ul style="list-style-type: none"> <li>• Trading without pre-clearance;</li> <li>• Executing transaction after expiry of 7 days from date of pre-clearance;</li> <li>• Non-reporting of completion of transaction after pre-clearance;</li> <li>• Mis-reporting/Non-reporting of information required under the Code;</li> <li>• Non-submission of forms and disclosures as required under the Code;</li> <li>• Non-compliance/delay in compliance with the remedial actions as may be imposed by the Committee</li> </ul>	<p>Any action from A to D above or a combination thereof, as may be decided by the Committee depending on the severity of each case.</p>
<p><b>Substantial Breach</b></p> <ul style="list-style-type: none"> <li>• Trading for profiteering in Sterlite Power Transmission Limited Securities during close period;</li> <li>• Transacting in violation of conditional pre-clearance;</li> <li>• Dealing in Derivatives;</li> <li>• Dealing in securities on the basis of price sensitive Information;</li> <li>• Passing on price sensitive information or making recommendations directly or indirectly for dealing in securities on the basis of such information</li> <li>• Sharing/ Leak of UPSI</li> </ul>	<p>Any action from C to E above or a combination thereof, as may be decided by the Insider Trading Monitoring Committee depending on the severity of each case.</p>

### **Notes:**

*Sanctions mentioned above are not mutually exclusive and more than one can be applied in any situation.*

The sanctions framework provides a guide for determining the appropriate sanction for a Code breach, Insider Trading Monitoring may decide any other actions not listed above as may be necessary based on circumstances of a particular case.