

SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED

CODE OF CONDUCT AND ETHICS

I. PREFACE:

This Code of Conduct and Ethics (“Code”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel of “Source Natural Foods and Herbal Supplements Limited” herein referred to as “the Company”.

The purpose of this Code is to serve as a guide to the Directors and Senior Management Personnel of Source Natural Foods and Herbal Supplements Limited on the principles of integrity, transparency, business ethics and to set up standards for compliance of Corporate Governance. This Code of Conduct has been adopted to meet with the requirements of revised Clause No. 49 of the Listing Agreement with Bombay Stock Exchange Ltd.

II. APPLICABILITY:

The Directors both executive and non-executive, are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures. The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interests of the Company and its stakeholders.

This code of conduct is applicable to: The Directors, both executive and non-executive Directors, Senior Management team comprising of members of Management one level below the Executive Directors, including all functional heads.

III. HONESTY AND ETHICAL CONDUCT:

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. The Directors and the Senior Management personnel shall

- Act honestly, fairly, ethically, with integrity and loyalty and conduct themselves in a professional, & courteous and respectful manner;

- Act in the best interests of the Company and in a manner to enhance and maintain the reputation of the Company, and fulfil their fiduciary duties to the stakeholders of the Company;
- Act in good faith, with responsibility, due care, competence, diligence and independence
- Treat their colleagues and other associates of the Company with dignity and shall not harass any of them in any manner

IV. CONFLICT OF INTEREST:

The Directors and Senior Management Personnel of the Company should not enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him/her to act in any manner other than in the best interests of the Company. Every Director and Senior Management Personnel should make a full disclosure to the Board of any transaction that they reasonably expect, could give rise to an actual conflict of interest with the Company and seek the Board's authorization to pursue such transactions.

They must not, directly or indirectly through any members of their families, relatives or persons living with them or with whom they are associated, or in any other 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 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.

For the purpose of this clause:

- “Conflict of Interest” shall mean the interests or benefits of one person or entity conflict with the interests or benefits of the Company”
- “Relative” shall mean and include ‘relatives’ as defined in Sec 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956
- If a related party transaction is unavoidable, it must be fully disclosed to the Board of Directors. Also any dealings with a related party must be conducted in a manner such that no preferential treatment is given to such party

V. COMPANY PROPERTY:

Every Director and Senior Management Personnel should endeavor to ensure that they use the Company's assets, proprietary information and resources only for the legitimate business purposes of the Company and not for their personal gains.

VI. CONFIDENTIALITY OF INFORMATION:

The Directors and Senior Management Personnel should maintain confidentiality of information entrusted to them in carrying out their duties and responsibilities. They shall ensure and take all reasonable measures to protect the confidentiality of non-public information about **Source Natural Foods and Herbal Supplements Limited**, its business, customers and other materially significant information obtained or created in connection with any activities associated with the Company and to prevent unauthorized disclosure of such information unless required by applicable laws or regulations or legal or regulatory process.

The matters discussed at the Board/Committee Meetings must not be disclosed outside appropriate and reasonable circles. The Company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any Director. These obligations apply not only during a Director's term, but thereafter as well unless the said information becomes public

VII. INSIDER TRADING:

None of the Directors or the Senior Management Personnel shall derive any benefit nor assist others to deriving benefit by giving investment advice from access to and possession of information about the Company, which is not in public domain and constitutes insider information. All Directors and Senior Management Personnel will comply with the Company's Code for Prevention of Insider Trading which is separately attached.

VIII. COMPETITION AND FAIR DEALINGS:

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. The Directors and Senior Management personnel shall not accept any personal gratification from suppliers/service providers/business partners/etc. They shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. They are to maintain high ethical and professional standards in all dealings. The Company is committed to free and open competition in the market place. The Directors and Senior Management personnel shall not take up any activities competing with the business of the Company.

IX. COMPLIANCE WITH LAWS AND REGULATIONS:

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 to compliance with Prohibition of Insider Trading policy of the Company. They shall make proper record of all financial transactions.

X. DISCLOSURE OF INFORMATION:

It is the Company's policy to ensure continuous, timely and adequate disclosure of Company's information. The Company is committed to full, fair, accurate, timely and understandable disclosure in reports and documents it files with or submits to the regulatory authorities and in other public communications. 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.

XI. WORK ENVIRONMENT FREE OF HARASSMENT AND DISCRIMINATION:

Source Natural Foods and Herbal Supplements Limited is committed to ensure that all the employees are treated with fairness and dignity. Accordingly, the Directors and Senior Management personnel shall refrain from indulging in any discrimination practice based on race, color, sex, age, religion, ethnic or national origin, disability or any other unlawful basis. They shall encourage employees to acquire skills, knowledge and training to expand/enhance their professional and specialized knowledge.

XII. OCCUPATIONAL HEALTH AND SAFETY:

The Directors and Senior Management personnel 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.

XIII. ANNUAL COMPLIANCE REPORTING:

In the terms of Clause 49 of the Listing Agreement, the Directors and Senior Management personnel shall affirm compliance of this code within 30 days from the end of every financial year. The Annual report of the Company shall contain a declaration to this effect signed by the Managing Director or CEO. The Annual compliance shall be forwarded to the Company Secretary. If any Director leaves the Company at any time during a financial year, he shall send a communication to Company Secretary affirming

compliance of the Code till date of his association with the Source Natural Foods and Herbal Supplements Limited.

XIV. DUTIES OF INDEPENDENT DIRECTORS

(Pursuant to Section 149, Section 166 and Schedule IV of the Companies Act, 2013)

(i) Guidelines of professional conduct

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.

(ii) Role and functions:

The independent directors shall :

- (1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management and standard of conduct.
- (2) Bring an objective view in the evaluation of the performance of board and management;
- (3) Scrutinize the performance of management in meeting agreed goals and objective and monitor the reporting of performance.
- (4) Satisfy themselves on the integrity of financial information and that the financial controls and the systems of risk management are robust and defensible.
- (5) Safeguard the interest of all stakeholders, particularly the minority shareholders;

- (6) Balance the conflicting interest of the stakeholders.
- (7) Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal or executive director, key managerial personnel and senior management.
- (8) Moderate and arbitrate in the interest of the company as a whole in situations of conflict between management and shareholder's interest.

(iii) Duties

The independent director shall

- (1) Undertake appropriate induction and regularly update and refresh their skill, knowledge and familiarity with the company
- (2) Seek appropriate clarification or amplification of information and where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company
- (3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he/she is a member.
- (4) Participate constructively and actively in the committees of the Board of which they are chairpersons or members.
- (5) Strive to attend the general meetings of the company
- (6) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board Meeting.
- (7) Keep themselves well informed about the company and the external environment in which it operates;
- (8) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- (9) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and ensure themselves that the same are in the interest of the Company
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who use such mechanism are not prejudicially affected on account of such use.
- 11) report concerns about the unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
- 12) Acting within his/her authority, assist in protecting the legitimate interest of the company, shareholders and is employees.

13) Not disclose confidential information including commercial secrets, technologies, advertisement and sales promotions plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV Separate Meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the shall strive to be present at such meeting;
- (3) The meeting shall
 - (a) Review the performance of non-independent directors and the Board as a whole.
 - (b) Review the performance of the chairperson of the company, taking into account the views of the executive directors/non-executive directors;
 - (c) Assess the quality and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonable perform their duties.

(V) General duties of directors pursuant to Section 166 of the Companies Act, 2013

- (1) Subject to the provisions of the Companies Act, 2013, a director of a company shall act in accordance with the articles of the company;
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders and the community and the protection of environment;
- (3) A director of a company shall exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A Director of a company shall not involve in a situation in which he/she may have a direct or indirect interest that conflicts or may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relative, partners, or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the company
- (6) A director of a company shall not assign his/her office and any assignment so made shall be void.

XV. AMENDMENTS/MODIFICATIONS AND WAIVER TO THE CODE:

a) Amendment:

The provisions of this code can be amended/modified by the Board of Directors of the Company from time to time and all such amendments shall take effect from the date stated therein.

b) Waiver:

Waiver is defined as a material departure from a provision of the code.

(A waiver of any provision of this Code must be approved in the manner provided below, unless a separate procedure is specified under any existing corporate policy of the Company:

For a director or executive officer. A waiver must be approved in writing by the Company's Board of Directors and promptly disclosed.

For employees or third party agents: A waiver must be approved in writing by the CEO, COO or the CFO.)

OR

(The Board of Directors generally will not grant waivers to the Code. The Directors and Senior Management Personnel 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)

XVI. NON-COMPLIANCE OF THE CODE:

Suspected violations of this Code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations shall be appropriately investigated. Any waiver of this Code must be approved by the Board of Directors and publicly disclosed if required by any applicable law or regulation.

XVII. ACKNOWLEDGEMENT:

The Directors and Senior Management Personnel shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this Code.

FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF CONDUCT AND ETHICS

I have received and read the Company's Code of Conduct and Ethics. I understand the standards and policies contained in the Company Code of Conduct and Ethics and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to comply with the Company Code of Conduct and Ethics.

If I have questions concerning the meaning or application of the Company Code of Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, know I can consult my manager, the Human Resources Department or the Legal Department, knowing that my questions or reports to these sources will be maintained in confidence.

Employee Name:

Employee No:

Signature:

Date:

******Please sign and return this form to the Company Secretary******