



Wärtsilä India Limited Code of Conduct

1. Applicability

This Code of Conduct (Code) applies to the Directors of Wärtsilä India Limited (the Company) and to the senior management of the Company.

The Board of Directors of the Company has adopted this Code to guide the Directors and the senior management to in recognising and addressing ethical issues and in ensuring that their activities are consistent with the values of:

- Respect for the dignity of the individual,
- Uncompromising integrity,
- Trust,
- Credibility,
- Continuous improvement and personal renewal, and
- Recognition and celebration

The Code is intended as a source of guiding principles, since no code or policy can anticipate every situation that may arise. Directors and senior management with questions about the Code's application to particular circumstances are encouraged to discuss the issue with the Chairman of the Board of Directors.

2. Conflicts of Interest

Directors and senior management must avoid any conflicts of interest with the Company. A "conflict of interest" exists when personal or professional interest is adverse to, or may appear to be adverse to, the interests of the Company. Conflicts of interest may also arise when a director or a senior management employee, or members of his or her family, or an organisation with which the director is affiliated, receives improper benefits as a result of the position held. Any situation that involves, or may involve, a conflict of interest must be promptly disclosed to the Board of Directors.

3. Corporate Opportunities

Directors and senior management owe a duty to the Company to advance its legitimate interests. Directors and senior management may not take for themselves personally or for other organisations with which they are affiliated opportunities discovered through the use of Company property, information, or position. No director may compete with the Company or use Company property, information, or position for improper personal gain.

4. Competition and Fair Dealing

Directors and senior management shall endeavour to deal fairly with the Company's customers, suppliers, competitors, and employees, and shall oversee fair business dealing by the Company's officers and employees. They should not take unfair



business advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. Directors, senior management employees and members of their immediate families may not accept gifts from outside persons or entities when the gifts are made in order to influence the action as a member of the Board or as a senior management personnel, or where acceptance of the gifts could create the appearance of impropriety.

The Directors and senior management shall deal fairly with the Company's Customers, Suppliers, Competitors and Employees.

5. Confidentiality

The Directors and senior management shall maintain the confidentiality of information entrusted to them by the Company or its customers, and any other information which comes to them about the Company, except when disclosure is authorised or legally required. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, if disclosed.

6. Protection and Proper Use of Company Assets

The Directors and senior management must protect the Company's assets and ensure their efficient use. Directors must not use Company time, employees, supplies, equipment, buildings, or other assets for personal benefit, unless the use is approved in advance by the Chair of the Audit Committee or is part of a compensation or expense reimbursement program available to all directors.

7. Encouraging the Reporting of any Illegal or Unethical Behaviour

Directors and senior management should promote ethical behaviour and take steps to ensure that the Company:

- encourages employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation;
- encourages employees to report violations of laws, rules, regulations or the Company's Business Conduct Guide;
- informs employees that the Company will not permit retaliation for reports made in good faith.

8. Enforcement

The Board shall determine appropriate actions to be taken in the event of violations of this Code. The Directors and senior management shall communicate any suspected violations of this Code promptly to the Board or the Audit Committee. The Audit Committee or the Board will investigate violations, and will ensure that appropriate action is taken.



9. Waivers of the Code of Business Conduct and Ethics

The Board of Directors may waive any specific provision of the Code, if in the opinion of the Board, such circumstances exist. The waiver, if any, will be disclosed to shareholders.

10. Periodic Review

The Board shall review and reassess the adequacy of this Code from time to time, and may amend the Code as deemed necessary.

11. Compliance with Laws and Regulations

Any and all business transactions and other activities of the Company shall be carried out strictly in compliance with applicable laws and under the requirements of good citizenship in each jurisdiction, where such activities take place. This includes, but is not restricted to, laws and regulations on competition, corporate governance, taxation, financial disclosure, employee rights and environment protection. Strong attention is paid to the integrity of each business transaction.

12. Environment

The Company strives to develop and produce environmentally advanced solutions and services for its customers that fulfil all their vital requirements. High priority is put on developing systems and services that have low emissions and high efficiency. Efforts are taken to achieve sustainable development by means of raw materials, processes, products, wastes and emissions by making use of the latest technical advances.

13. Non-compliance of the Code

Suspected violations of this Code must be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations would be appropriately investigated.

14. Implementation

The purpose of this Code is to define the Company's ethical way of working in all its activities. The Company expects both, its management and the employees, to comply with the standards set in the Code.

The Company will take an active approach to the application of this Code and will promote its implementation through an effective communication of its contents to its employees. The Company will monitor the application of this Code internally.

In case, a question regarding interpretation or compliance with this Code arises, the Managing Director or the Head- Finance & Secretarial of the Company should be contacted.



15. Disclosure

The Directors and the Senior Management personnel shall affirm the compliance with the code on an annual basis. The Annual Report of the Company shall carry a declaration to this effect signed by the Managing Director of the Company. Directors will annually sign a confirmation that they have read the Code and will comply with the Code.

The Board of Directors of Wärtsilä India Limited has approved this Code of Conduct at its meeting held on 26th February, 2005.