



**ADITYA BIRLA GROUP**

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**Corporate Principles & Code of Conduct**

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As a Group we have always believed in sound, moral, ethical and business principles. While these underpin all of our activities, there was a need to ensure their practice in letter and spirit, uniformly across all our Group Companies and by each employee, regardless of levels.

Given this factor, I had set up a cross-functional task-force whose mandate was to articulate our Corporate Principles and formulate these into a simple document. This has since been accomplished. The enclosed document 'Corporate Principles and the Code of Conduct' enshrines our guiding business and people philosophy and is to be formally implemented with immediate effect.

Since every employee must live by these principles, it is important that these are well communicated and understood. To make this happen, a detailed document explaining every "Corporate Principles and the Conduct of Conduct" it entails, as well as the redressal mechanism is also enclosed. The explanatory papers are strictly an internal document, meant only for our employees.

Please ensure that a copy of both these documents is given individually to all employees in the Management Cadre in your Unit and all offices immediately. Kindly keep a few copies in the library as well.

I would urge you to go through this document, on priority, imbibing all its details, given its extreme importance for our Group.

MANAGEMENT SUB COMMITTEE

## PREAMBLE

Since the founding of our Group, we have collectively endeavoured to steer our Group Companies on the growth path through the practice of sound, moral, ethical and business principles. These mirror our values. What we stand for and are crucial to our sustainable performance.

As our Group continues to grow, expanding its geographic reach, adding on newer workforces, I feel there is a compelling need to articulate our Corporate Principles. To reaffirm how these guide us in the conduct of our business, customer, societal and people relationships. To secure your commitment once again, to always abide by them. In letter and spirit.



Kumar Mangalam Birla

*(Chairman- The Aditya Birla Group)*

## OUR CORPORATE PRINCIPLES

### A. Employees: People build our Group's Success

- We believe that our people provide us with the cutting edge. They help us deliver value for our shareholders, our customers and society at large. Our people are our strength. We respect the individual rights and dignity of all people.
- We believe in the inherent potential of employees and are fully committed to people development processes in our Group in a fair, equitable and transparent manner. We encourage employees to grow professionally and personally to their highest capabilities, regardless of nationality, caste, religion colour or sex. We strive to provide an environment that promotes achievement orientation and self esteem. We view merit as the sole criterion for all employee related decisions.
- A recognised responsibility is to ensure that all of our policies, forward looking initiatives and goals are fully communicated and that all employees understand and relate to these.
- Integrity, trust, fairness and honesty are the basics that guide our strategies, our behaviour and the relationships we build with people both internally and externally. Each of us will exercise the highest level of ethical and professional behaviour.

### B. Customer: The customer is the focus of everything we do

- We are committed to our customers, to fulfilling their present needs and anticipating their unmet needs.
- We are dedicated to continually improving the quality, usefulness and value of our products and services that help our customers enhance their performance.
- We provide value for customers through creativity, innovation, productive relationships, quick response and simplicity in all that we engage in.
- We strive to make all the Aditya Birla Group Companies the customer's business partner of choice.
- We strive to be always a good Corporate Citizen

### **C. The Government**

- We respect the Government, laws and Institutions in the nations where we operate. While participating in democratic processes, we remain apolitical.

### **D. Environment, Health & Safety**

- Respect for the environment forms part of everything we do. As an environment responsive Group, our ongoing endeavour is to manufacture our products through processes that have as little impact on the environment as possible. We maximise ways to preserve the environment through state-of-the-art technology and a personal commitment to reduce waste in all forms.
- We pledge to protect the environment, the health and safety of employees and are committed to the development of the communities in which we operate.

### **Commitment to Our Corporate Principles**

Individually and collectively, each of our employees across all levels today reaffirm commitment to these Corporate Principles that guide us in the conduct of our business and people relationships. They are our character.

## INTRODUCTION AND BACKGROUND

### **What is the objective of this document?**

The objective of this document is to communicate to all Group employees, the Corporate Principles and Code of Conduct of the Group. It is intended to serve as a guideline to all our employees. They should imbibe and practice these Principles and the Code, while dealing with different stakeholders such as customers, suppliers, fellow employees, etc.

### **What does this document contain?**

*The document contains the following:*

- Definition of Corporate Principles & Code of Conduct
- Applicability of this document
- Corporate Principles & Code of Conduct in detail
- Some examples of what may be construed as violations
- Enforcement Mechanism

Towards the end of this document, a section has been provided, to address some possible queries.

### **What are Corporate Principles?**

'Corporate Principles' are principles which an organisation fundamentally believes in. These guide the organisation's business decisions and the way it relates to its business constituents such as employees, customers, outside agencies, society, government etc.

### **What is Code of Conduct?**

Code of Conduct is application of Corporate Principles by the members of an organisation in their work-life.

### **Whom does this document apply to?**

This document applies to all employees, irrespective of their level, across all units and offices of the Group.

However, some sections of this document are directly applicable only to certain categories of employees - for instance, managers responsible for a team of people or personnel in specific functions such as marketing, production, accounts etc.

# CORPORATE CODE OF CONDUCT

In the following pages, details about the Principles and Code have been provided. Wherever possible, examples have been provided, to clarify and highlight what kinds of acts are consistent / inconsistent with the spirit of this document. The examples are illustrative only and not exhaustive. It is important to observe the Code in its true spirit.

## **A. EMPLOYEES: People build our Group's Success**

**I. A recognised responsibility of all Group employees is to ensure that all of our policies, forward looking initiatives and goals are fully communicated and that all employees understand and relate to these.**

**a) Adherence to Group Policies:**

**E.g.:** As a responsible Manager, in keeping with the Performance Appraisal Policy, I will conduct the performance appraisal of my team members in a professional manner within the stipulated time.

**b) Sharing of Information:**

**E.g.:** (i) As a Unit Head, I will hold quarterly meetings to communicate all relevant information such as ABMCL circulars, major changes that impact our business and Unit etc. to employees.

(ii) I will provide all information which is vital to enable employees perform their job in the best possible manner.

**II. Integrity, trust, fairness and honesty are the basics that guide our strategies, our behaviour and the relationships we build with people both internally and externally.**

**a) Avoiding bribes, kickbacks**

**E.g.:** I will not seek or encourage bribes, kickbacks etc. in any form. For instance, I will not deal with a supplier who offers me a bribe to get a contract awarded.

**b) Declining offers for Gifts**

**E.g.:** I will not accept gifts in any form on any occasion - with the exception of company promotional articles of low-value, having ordinary usage (preferably displaying Company name / logo).

**c) Intellectual Honesty**



E.g.: I will explicitly acknowledge and also give due credit to my colleague from whom I have borrowed an idea.

**d) Conflict of Interests**

E.g.: I will not pursue any activity, business or any other occupation outside my employment with the Group (even in the name of relative, family members, friends, etc.) which takes up any part of my office time or which is in direct or indirect conflict with business interests of the Group.

**e) Misuse of Group resources**

E.g.: (i) I will not use any resources of the Unit / Group, e.g. office staff, office time, telephones, cars, guest-houses, stationery, etc. (other than those legitimately allowed by virtue of conditions of my employment with the Unit) for personal benefit of myself, family members, relatives, friends etc.  
(ii) I will not ask subordinates to invest their time to do my personal work.

**III. Each of us will exercise the highest level of professional behaviour. Each employee will conduct himself in a manner that will enhance the image of his position, unit and the Group.**

**a) Conduct**

E.g.: (i) I will not reprimand my team members in public.  
(ii) I will focus on positive aspects of the Unit/Group while conversing with an outsider.

**b) Accountability**

E.g.: As a decision- maker, I will be responsible for the consequences of my decision and not shift blame to any of my team members.

**c) Handling sensitive information**

E.g.: (i) I will not use unpublished information to invest in shares of Group companies.  
(ii) I will not divulge any information that jeopardises our business or impacts our competitive edge in the sectors in which we operate.

**d) Using external resources**

E.g.: I will explicitly specify the criteria for appointing an external resource (such as consultants, freelancers, advisors) and evaluate several options in an objective manner.

**IV. We respect the individual rights and dignity of all people. We believe in the inherent potential of employees and are fully committed to people development processes in our Group in a fair, equitable and transparent manner. We encourage employees to grow professionally and personally to their highest capabilities, regardless of nationality, caste, religion, colour or sex.**

**a) Employee Merit**

**E.g.:** (i) I will not hesitate to promote a competent employee, even if he is younger in age over other employees at his level. I will always recognise merit and competence.

(ii) I will hold annual appraisals and give honest, unbiased feedback to my juniors in a constructive manner.

**b) Equal opportunity and fair treatment**

**E.g.:** (i) I will not be gender-based while selecting a candidate.

(ii) I will not indulge in sexual harassment.

(iii) I will not allow the caste or community of an employee to influence my decisions related to him.

**c) Employee Entitlements**

**E.g.:** (i) At the time of appointment or promotion of a team member, I will provide him with accurate and complete information on his entitlements.

(ii) I will ensure that all entitlements due to my team members are disbursed proactively and gracefully, without their having to remind me or the accounts department for the same.

(iii) As an accountant, I will ensure that an employee, who has resigned, receives his dues in the shortest possible time.

**d) Competency Development**

**E.g.:** (i) I will recognise training programmes as a competency development tool and release nominated team members

(ii) I will invest time in my own personal development through measures such as referring to books, networking with professional colleagues, proactively identifying my training needs.

**e) Open Environment**

**E.g.:** (i) I will encourage open and honest information sharing/discussion/feedback.

(ii) I will discourage bad-mouthing and loose talk and will not indulge in the same.

(iii) I will convey any disagreement with my performance appraisal directly to my manager.

(iv) I will accept an idea generated by my junior, if it is better than my own judgement.

**B. CUSTOMERS: The customer is the focus of everything we do**

**I. We are committed to our customers, to fulfilling their present needs and anticipating their unmet needs. We are dedicated to continually improving the quality, usefulness, value of our products and services that help our customers enhance their performance.**

- E.g.: (i) I will attempt to adapt innovative solutions to customer needs.  
(ii) I will convey results of customer satisfaction survey to my concerned teams.

**II. We provide value for our customers through productive relationships, quick response and simplicity in all that we engage in.**

- E.g.: (i) I will ensure that myself and my team members stick to time limits to attend to customer complaints.  
(ii) I will strive to attain high scores for my unit in customer satisfaction survey. Should I get low scores, I will think positively and work genuinely towards improving upon them.  
(iii) I will treat a customer complaint as an 'opportunity' and not as a 'complaining customers.'

**III. We strive to make the Aditya Birla Group companies the customers' business partner of choice.**

- E.g.: (i) I will always provide the best products and services at a competitive price to our customers so that they prefer to do business with us.  
(ii) I will give excellent after-sales service to my customers and help them enhance their performance.

## **C. GOVERNMENT:**

**I. We respect the Government, laws and institutions in the nations where we operate. While participating in the democratic process, we remain apolitical.**

- E.g.:**
- (i) As an employee, I will not stand for elections for any legislative body.
  - (ii) Whenever I receive a request from a political party / independent candidate for fund, I will direct them to the General Electoral Trust formed by the Group.
  - (iii) I will not use any Group resources, except those extended through the General Electoral Trust, for furthering the political interest of any party or individual.
  - (iv) Whenever I receive any request from government agencies for information / opinions, I will forward it to my Unit Head.
  - (v) I will exercise my right to vote in the general elections.
  - (vi) If I participate in public discussions to shape policy matters, laws, etc., I will always consult my immediate senior before making such a commitment. I will ensure that these do not adversely affect the business interests of our Group.

## **D. ENVIRONMENT, HEALTH & SAFETY**

**I. Respect for the environment forms part of everything we do. We pledge to protect the environment, health and safety of employees and are committed to the development of the communities in which we operate.**

- E.g.:**
- (i) Whenever any deviations from the environmental norms come to my notice, I shall inform the concerned teams.
  - (ii) I will participate in community welfare / relief programs such as drought/flood relief, literacy campaigns and vocational education, etc., as may be planned by the management.
  - (iii) I will follow the safety standards at my workplace.

## SOME EXAMPLES OF WHAT MAY BE CONSTRUED AS VIOLATIONS

This section enumerates some illustrative examples of what could be construed as a violation. Violations can be categorised in three areas.

### **Violations causing Personal Grievances**

These are violations having a direct impact on an employee and / or members of his family. Illustrative examples of such violations are.

- A Manager not updating his team members on relevant ABMCL Circulars
- Putting forward a colleague's effort as one's own
- An employee using abusive language
- A Manager asking an employee to do his personal work
- Using guest houses to accommodate persons not connected with our business
- Promoting a colleague on the basis of criteria other than merit
- Delays in receipt of dues by an employee.

### **Violations compromising Personal Integrity**

These are violations where an employee has compromised on his personal integrity. Illustrative examples of such violations are:

- Accepting consideration for favouring a supplier
- Pressurising business associates (e.g. a bank-) to employ a relative on criteria other than merit
- Using office time or office resources for personal work
- Awarding a contract on criteria other than merit
- Offering illegitimate commissions to a customer
- Showing personal expenses as business expenses
- Camouflaging personal trips as official trips

### **Violations relating to Organisational Issues**

These are violations which an employee feels will impact the organisation. These relate to the structures, systems, processes and policies of the organisation. Illustrative examples of such violations are:

- An employee talking rudely to customers on a regular basis
- A Marketing Manager not responding to the needs of customers.
- Making donations to a political party from company funds - but not through the General Electoral Trust
- Non-compliance with legislation such as Factories Act, Pollution Control norms etc.

## ENFORCEMENT MECHANISM

Even though the Group hopes that there will be voluntary compliance by all the employees of the Code of Conduct, it feels it necessary to have a mechanism in place to deal with deviations. Such a mechanism will provide an outlet for conscientious employees to help the Group enforce this Code adequately and take disciplinary action against those diluting the same. This mechanism provides alternative ways of dealing with the three kinds of violations listed above.

The immediate senior of an employee, the Unit Head, the concerned ABMCL Director, the Corporate Panel (described below) and the Chairman form the corner stones of this mechanism. An employee, depending on the nature of violation, can go to one or the other member of the Enforcement Mechanism, mentioned above.

### THE CORPORATE PANEL

The Corporate Panel, which will comprise three members to be nominated by the Chairman, will be an impartial body for processing all cases of violations of the Group. The members of the Panel will be rotated periodically.

On receipt of a complaint of violation from an employee or a reference from a Unit Head / ABMCL Director, the Panel may choose to take one of the following courses, as it may deem appropriate:

- A. Straight away give its decision on the complaint after preliminary scrutiny; or
- B. Initiate in-depth investigation through either a Unit Head / ABMCL Director / Internal Audit Cell or an outside agency; or
- C. Refer the matter to the Chairman for guidance.

On receipt of any enquiry / investigation report instituted by itself (as referred to in 'B' above), the Panel may do one of the following:

- A. Submit its recommended action to the Unit Head / ABMCL Director, as appropriate, with a copy to the Chairman; or
- B. Submit its findings / recommended action to the Chairman, for further action.

The Chairman, if he considers appropriate, may refer findings of the Corporate Panel to an Ombudsman, an independent person of high stature, seeking an impartial judgement

The concerned authorities are expected to implement the recommended action, suggested by the Corporate Panel.

## WHAT PROCESS TO FOLLOW?

### For violations causing Personal Grievances:

- An aggrieved employee can directly approach his senior(s) / Unit HRD to seek redressal. Wherever required, the senior(s) may involve the Unit HRD Head. The senior should ideally respond with the course of action proposed within 72 hours.
- If the employee is not satisfied with the response, he may approach his Unit Head / ABMCL Director, in writing, with his name. The Unit Head / ABMCL Director will respond with the course of action proposed, within two weeks.
- If still not satisfied, the employee may approach the Corporate Panel, along with the reply from the Unit Head / ABMCL Director. The panel will respond with the course of action proposed, within two weeks.

### For violations compromising Personal Integrity:

- These violations have to be reported **directly** to the Corporate Panel. While it is understood that an employee may chose not to disclose his name while making a report, he is encouraged to do so. The panel will respond to the employee with the course of action proposed, within two weeks.

### For violations relating to Organisational Issues:

- These violations have to be reported to the respective ABMCL Director. The ABMCL Director will respond with the course of action proposed, within two weeks. While it is optional for an employee to disclose his name while making such a report, he is encouraged to do so.
- If the employee is not satisfied, he may approach the Corporate Panel. The Panel will respond with the course of action proposed, within two weeks.

## HOW CAN YOU HELP?

As an employee, you can help in strengthening our Corporate Principles & Code of Conduct, by understanding and practicing the Code. You could also help others practice the Code. Your initiative in this regard will cement the Codes and retain it as a permanent feature of the Group. Yes, we are aware that there may be some violations of the Code. If you are aware of any such violations, please use the Enforcement Mechanism to correct the same so that it does not recur.

However, before you use the mechanism you must ensure the following:

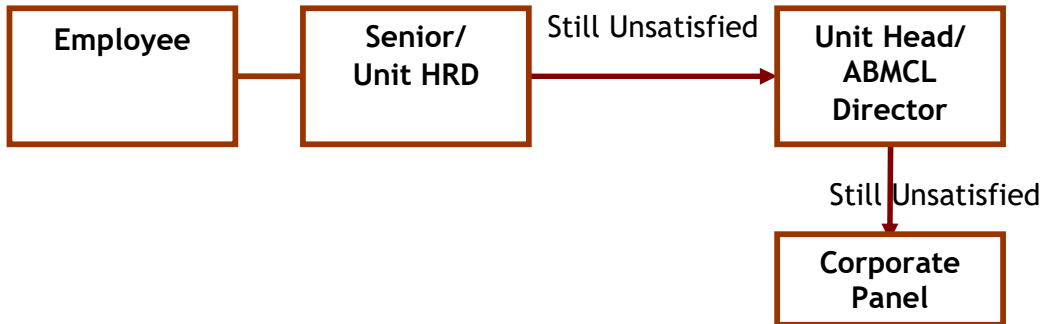
1. You have read and understood the Code.
2. When you report any violation keep in mind the interest of the Group and your genuine concerns rather with any malice or vindictiveness.
3. You will decline politely any requests for acts that may violate the Code

## WHERE TO REPORT?

The names & address of your respective ABMCL Directors are available with your Unit Human Resources Department. The address for communication with Corporate Panel is as follows: Corporate Panel, Chairman's Office, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai 400 025.

## FLOW CHART FOR ENFORCEMENT MECHANISM

### Violations causing Personal Grievances:



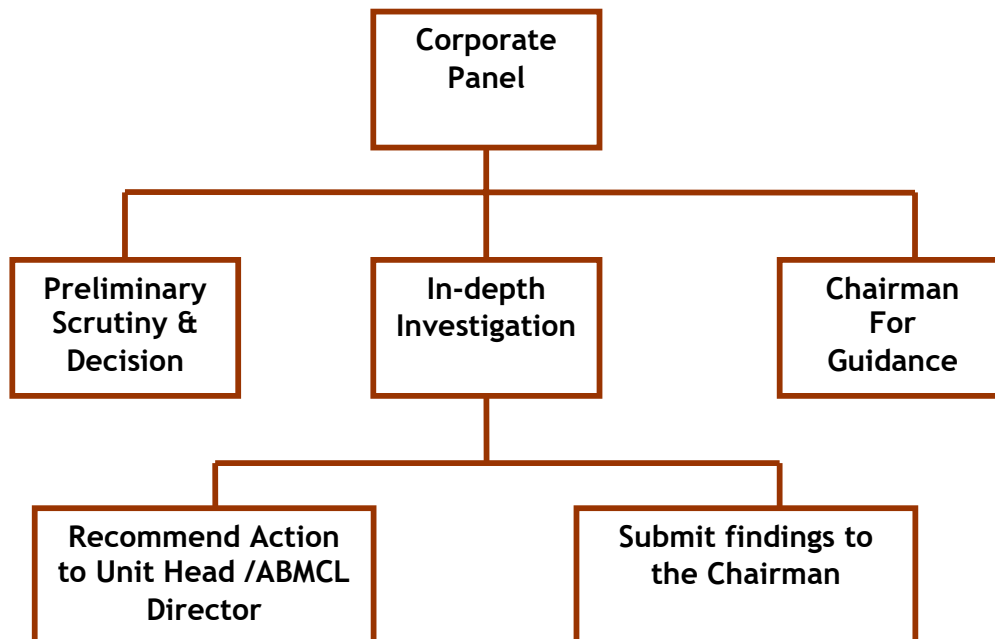
### Violations compromising Personal Integrity:



### Violations relating to Organisational Issues:



## ROLE OF CORPORATE PANEL





## SOME POSSIBLE QUERIES

**Q. Will the document apply to joint Ventures of the Group?**

A. It is expected that all Joint Ventures of the Group follow the spirit of this document. However, where the joint Ventures have a specific document on the subject, the same should be followed.

**Q. Will this document apply to all levels?**

A. Yes, this document will apply to all levels right up to the Chairman.

**Q. Will this document apply to overseas units of the Group?**

A. Yes, it will.

**Q. Can I accept sweet boxes, chocolates as a gift?**

A. As a normal business practice, gifts such as sweet boxes, chocolates may be accepted, if it does not put you under any obligations. It may be a good idea not to accept such gifts at residence but to receive it at office and share it with your colleagues.

**Q. If someone sends me an expensive gift, what do I do with it?**

A. You should return such gifts clearly writing to the sender that it is against the Group's policy. A draft letter is enclosed in annexure 'A'.

**Q. Can I accept gifts on occasions like Diwali, New Year, Christmas, etc.?**

A. The policy of not accepting gifts, as referred in the conduct above, is applicable irrespective of the occasion.

**Q. Can I refer a matter to Corporate Panel where I have not been provided any dues?**

A. If your dues are not settled and you do not receive response from your manager / unit HRD within the time specified in this document, you may report this matter to the Corporate Panel.

**Q. Can I report any harassment suffered by me or my family members inflicted by a colleague?**

A. Yes, such cases can be reported.

**Q. Can I report the mis-use of office resources by the spouse of an employee?**

A. Yes, such cases can be reported.

**Q. Can I report any revengeful action by my Manager?**

A. Yes, such cases can be reported.

- Q. As a new employee, I wish to buy shares of Group Company. What should I do?**
- A. The Group has defined guidelines for “Share Trading”. This is available with your Unit HRD. You may ask them for a copy and refer the same for guidance.
- Q. What protection is offered to me if I chose to identify myself while reporting?**
- A. Enforcement Mechanism has in-built guards to ensure secrecy of your identity. It will also be ensured that you are not subjected to any vindictiveness.
- Q. What details do I have to provide while I am reporting a violation?**
- A. While reporting, please provide the following:
- Nature of violation
  - Description of violation
  - Documentary evidence (where available)
  - Action suggested course of action, if any
  - Your name (optional while reporting violations relating to personal integrity)
  - Any other source of information you consider useful for further investigation.
- Q. Would any action be taken against me for an unsuccessful business decision made by me, applying normal business prudence and diligence?**
- A. We recognise that business decisions made even with normal business prudence and diligence could fail. It is the intention of this document to encourage employees to be accountable and not to take punitive action for such business decisions.
- Q. What action would be taken against a person violating, when provided?**
- A. The actions could range from reprimand to dismissal.
- Q. Can I contribute to making this code more effective or adding new clauses?**
- A. Yes. Your commitment to practising these principles and Code of Conduct in letter and in spirit is vital to make it most effective. Whenever you see any deviations in the practice of this Code, take it upon yourself to guide your colleague in the right direction. Your feedback and suggestions are invaluable. Please send them to: Corporate HRD, Aditya Birla Centre, ‘C’ Wing, 3<sup>rd</sup> Floor, Mumbai 400 025.

**Draft reply for returning gifts:**

Dear \_\_\_\_\_,

At the outset, I wish you a very happy \_\_\_\_\_ (occasion). I thank you for your thoughtfulness in sending me a gift on this occasion. However, as a Group policy, we do not accept any gifts. I trust you will appreciate my returning the same.

With best wishes.

## MY COMMITMENT

I, Mr. / Ms. \_\_\_\_\_, as a member of the Aditya Birla Group, have read and understood the Group's Corporate Principles and Code of Conduct. I hereby commit to abide by this document in letter and spirit, a copy of which has been made available to me.

(Name & Signature)

Date:

Place:

*Note: Each employee is requested to complete this and hand it over duly signed to the HR Division of your Unit (to be retained in the employee file).*