

## **CODE OF ETHICS & BUSINESS CONDUCT**

### **I. PURPOSE**

Penna Cement Industries Ltd. (hereinafter referred to as 'the Company') has always promoted high ethical standards of professional and personal conduct by its employees and business associates. All its employees and business associates must be, and should be seen as, committed to integrity in all aspects of their activities and comply with all applicable laws, regulations and internal policies. The purpose of laying down the Code of Ethics & Business Conduct (hereinafter referred to as 'the Code') is to improve overall compliance as well as to enhance further scope of good Corporate Governance with an ethical and transparent process in managing the affairs of the Company.

### **II. APPLICABILITY**

The Code will be applicable to all employees (full-time, part-time and those on contractual assignments). In addition to employees, the Company will create awareness about the Code and shall use its best endeavours to influence compliance of the same among all dealers, vendors, suppliers, agents, intermediaries, contractors & sub-contractors, consultants, Joint Venture partners and other business associates of the Company (collectively referred as 'Third Party').

### **III. RESPONSIBILITIES TOWARDS THE COMPANY, OUR CUSTOMERS AND SUPPLIERS :**

#### **A. GENERAL STANDARD OF CONDUCT**

PENNA has built its reputation by demonstrating an unwavering commitment to values such as honesty, integrity, trust and respect, besides conforming to national and international rules in its dealings with all business partners. The Company expects all employees to adhere to the general standards of conduct as mentioned below:

#### **Honesty & Integrity**

The Company expects its employees to perform their duties with honesty, integrity and to the best of their ability. Employees should be honest, fair and trustworthy in all business relationships. They should honour the corporate values, obey the law and take responsibility for their actions and consequences. Employees are responsible for exemplifying the highest standards of ethical conduct.

#### **Trust**

The Company demands that every employee demonstrate trust and respect in dealings with other colleagues in the organization as well as in their dealings with external parties. Distrust of colleagues / external parties and disrespectful behaviour shown by employees is strongly discouraged and will not be tolerated.

#### **Customer Orientation**

The Company expects all its employees to be customer-focused in approach. The success of the organization depends on customer trust, satisfaction and loyalty. Employees are strongly directed to ensure that customer needs are satisfied and that products and services offer value to the customer.

Customer orientation and focus should not only encompass external customers, but include internal customers as well. Employees are thus encouraged to ensure that both, internal and external customer needs are satisfied.

## **B. LEGAL, REGULATORY AND FINANCIAL ISSUES**

### **Financial Reporting and Accounting**

The Company shall prepare and maintain its accounts fairly and accurately, and in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall reflect, fairly and accurately, all of the Company's business transactions and disposition of assets, and shall have internal controls to provide assurance to the Company's board that the transactions are accurate and legitimate. There shall be no wilful omissions of any company transactions from the books and records, no advance-income recognition and no hidden account and funds.

All employees should note that any wilful misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the Code, apart from inviting appropriate civil or criminal action under the relevant laws.

### **Anti-Competitive or Restrictive Trade Practices**

The international economic system is based on business competition. The Company supports free enterprise and shall compete fairly and ethically within the framework of applicable competition laws.

All employees of the Company shall abide by all applicable competition laws, independent of whether enacted by a supranational, national or local body, and shall not engage in any anti-competitive practices such as illegal price fixing, sharing of markets or other actions which prevent, restrict or distort competition in violation of applicable laws.

All agreements with competitors or with other third parties which may have a negative effect on competition must be approved by the Corporate Legal Department of the Company.

### **Zero Tolerance towards Bribery and Corruption**

The Company shall follow zero tolerance approach towards bribery and corruption; this includes any payments made by employees, consultants, agents and other intermediaries acting by or on behalf of the Company.

All employees should note that use of intermediaries, such as agents, subcontractors, consultants and other third parties, to channel inappropriate payments to international civil servants or government officials or individuals and entities associated with them, is strictly not permissible and any deviation from this will be treated as a violation of the Code.

Furthermore, the employees shall not, unless mandated under applicable laws, offer or give any company funds or property as donation to any government agency or its representative, directly or through intermediaries, in order to obtain any favourable performance of official duties.

## C. CONFLICTS OF INTEREST

A conflict situation can arise:

- a. When an employee, officer, or director takes action or has interests that may make it difficult to perform his or her work objectively and effectively;
- b. The receipt of improper personal benefits by a member of his or her family as a result of one's position in the Company;
- c. Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- d. The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings;
- e. Any significant ownership interest in any supplier, customer, development partner or competitor of the Company;
- f. Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.

The Directors, Senior Management and all employees should be scrupulous in avoiding 'conflicts of interest' with the Company. In case there is likely to be a conflict of interest, the employee should make full disclosure of all facts and circumstances thereof to the Board of Directors or any Committee / Officer nominated for this purpose by the Board and a prior written approval should be obtained.

## D. CONFIDENTIALITY OF INFORMATION

### **Company information**

Any information concerning the Company's business, its customers, suppliers, etc., (including but not limited to technical, commercial and legal information) which is not in public domain and to which the employees have access or possess such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required under any law. No Company information shall be disclosed without the prior approval of the Head of the Business Unit and/or the Executive Directors concerned.

### **Employee information**

The Company shall protect the privacy and confidentiality of employee medical and personal records.

All Employees who have, due to the nature of their work, accessibility to such records should not share or disclose any information unless required by any law, rule and regulation or when authorized by the employee or court order and should take approval from the Executive Director and Head – Personnel & Administration in all such cases.

## **E. WORKPLACE RESPONSIBILITIES**

### **Equal Opportunities Employer**

The Company shall provide equal opportunities to all its employees and qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability.

Employee policies and practices shall be administered in a manner consistent with applicable laws and other provisions of this Code, respect for the right to privacy and the right to be heard, and that in all matters equal opportunity shall be provided to those eligible and decisions will be based on merit.

### **Affirmative Action**

The Company believes that inclusive growth and equal opportunity in employment for all sections of the society is a component of its growth and competitiveness. All employees should contribute to and support the Affirmative Action initiatives undertaken by the Company.

### **Prevention of Sexual Harassment and Exploitation**

The Company is committed to promote a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity. Employees shall not indulge in any form of sexual harassment and treat every employee with dignity and respect.

### **Health, Safety & Environment**

The Company shall strive to provide a safe, healthy, clean and ergonomic working environment for its employees. The safety and security of employees in the workplace is a primary concern of the Company.

All Employees and those associated with the Company shall fully abide by the principles of the Occupational Health and Safety Policy and practice its tenets and guidelines in their daily work diligently.

The Company shall maintain a drug-free work environment. Employees shall not misuse controlled substances or sell, distribute, possess, use or be under the influence of illegal drugs in the workplace or while performing work-related duties.

The Company, in the process of production and sale of its products and services, and in the process of developing its business, shall strive for economic, social and environmental sustainability.

## **F. USAGE OF COMPANY ASSETS**

The assets of the Company shall not be misused; they shall be employed primarily and judiciously for legitimate business purposes only. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

Employees shall protect the company's assets and shall not use these for personal use. Any suspected loss, carelessness, misuse or theft of the Company's assets should be immediately brought to the notice of the Executive Director and Head – Personnel & Administration or the respective Divisional Personnel Head.

## **G. GIFTS & DONATIONS**

The Company and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of business.

However, the Company and its employees may, with full disclosure, accept and offer nominal gifts, provided such gifts are customarily given and are of a commemorative nature.

## **H. PUBLIC REPRESENTATION OF THE COMPANY**

Only specifically authorized directors and employees shall represent the Company in all its public appearances, with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees, agents, franchisees, dealers, distributors and importers. It shall be the sole responsibility of these authorized representatives to disclose information about the Company.

## **I. CORPORATE CITIZENSHIP**

The Company shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The employees shall be encouraged to volunteer and collaborate with community groups.

## **J. THIRD PARTY REPRESENTATION**

Parties which have business dealings with the Company but are not members of the Company, such as dealers/ distributors, suppliers, agents, channel partners, contractors, consultants etc, shall not be authorized to represent the Company without the written permission of the Company, and / or if their business conduct and ethics are known to be inconsistent with the Code.

Third parties and their employees are expected to abide by the Code in their interaction with, and on behalf of the Company.

#### **IV. VIOLATIONS OF THE CODE**

The Company has formulated the Whistleblower Policy with a view to provide a mechanism for its employees to raise concerns on any violations of the Code, especially with respect to legal or regulatory requirements, incorrect or misrepresentation of any financial statements or reports.

For all other violations of the Code, employees may report or get in touch with the Compliance Officer appointed under this Code at specially designated email-ids or through any other written communication. Currently, the Head of Department (HODs) will serve as the Compliance Officers for their respective divisions.

While there is no specific format for submitting a concern to the Compliance Officer, the following details **MUST** be mentioned in the email/letter:

- (a) Name, address and contact details of the Complainant (including Employee ID, if the Complainant is an employee).
- (b) Brief description of the violation, giving the names of those alleged to have violated or about to violate the Code. Specific details such as time and place of occurrence are also important.

##### **The Role of the Compliance Officer will include:**

- Ensuring compliance of the Code by employees
- Clarifying the concerns and queries raised by the employees
- Assisting in investigations and resolving the issues referred by Employees.

The Compliance Officer will also assist the Whistle Committee in the process of investigation of disclosures pertaining to the Business Unit as and when required.

#### **V. PROHIBITION AGAINST RETALIATION**

Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

#### **VI. AMENDMENTS OF THE CODE**

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Code is subject to modification. Any amendment/inclusion of any provision of this Code will be promptly disclosed on the Company's website (internal/external) and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment.

## **VII. CONCLUSION:**

The above Code of Ethics and Business Conduct does not provide a full, comprehensive and complete explanation of all the rules that employees are bound to follow. While covering a wide range of business practices and procedures, the Code cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made; but rather sets forth key guiding principles that represent the Company policy. Employees have a continuing obligation to familiarize themselves with all applicable laws, company policies, procedures and work rules.

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