

Life Insurance

Aditya Birla Sun Life Insurance Company Ltd.

(A subsidiary of Aditya Birla Capital Ltd.)



**ADITYA BIRLA
CAPITAL**

PROTECTING INVESTING FINANCING ADVISING

ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED

Code of Conduct for Board of Directors and Senior Management

Aditya Birla Sun Life Insurance Company Ltd.

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Correspondence & Registered Office:

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Elphinstone Road, Mumbai - 400 013

CIN: U99999MH2000PLC128110

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Introduction

This Code of Conduct ("the Code") has been framed and adopted by Aditya Birla Sun Life Insurance Company Limited ("the Company") in terms of the requirements stipulated under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Definitions

"Board/Directors" shall mean the Body of the Directors of the Company.

"Independent Directors" shall mean an Independent Director as per the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Senior Management Personnel" shall mean the officers and personnel of the Company who are members of core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Applicability

This Code shall be applicable and binding on the Board of Directors and the Senior Management Personnel of the Company.

The Board of Directors shall additionally comply with the duties, role and responsibilities specified in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines for Corporate Governance for Insurers in India issued by IRDAI, as detailed in Appendix I, II and III.

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Code of Conduct for Board Members and Senior Management

The Board Members and Senior Management Personnel shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment.

The Board Members and the Senior Management Personnel of the Company:

- 1) Shall maintain and help the Company in maintaining highest degree of Corporate Governance practices.
- 2) Shall act in utmost good faith and exercise due care, diligence and integrity in performing their office duties.
- 3) Shall ensure that they use the Company's assets, properties, information and intellectual rights for official purpose only or as per the terms of their appointment.
- 4) Shall not seek, accept or receive, directly or indirectly, any gift, payments or favour in whatsoever form from Company's business associates, which can be perceived as being given to gain favour or dealing with the Company and shall ensure that the Company's interests are never compromised.
- 5) Shall maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for personal gain or advantage.
- 6) Shall not commit any offences involving moral turpitude or any act contrary to law or opposed to the public policy.
- 7) Shall not communicate with any member of the press or publicity media or any other outside agency on matters concerning the Company, except through the designated spokespersons or authorized otherwise.
- 8) Shall not, without the prior approval of the Board or Senior Management, as the case may be, accept employment or a position of responsibility with any other organization for remuneration or otherwise that are prejudicial to the interests of the Company and shall not allow personal interest to conflict with the interest of the Company.
- 9) Shall ensure compliance of the prescribed safety & environment related norms and other applicable codes, laws, rules, regulations and statutes, which if not complied with may, otherwise, disqualify him/ her from his/ her association with the Company.
- 10) Follow all the guidelines put forth in the Code of Conduct for Prevention of Insider Trading.
- 11) Shall report concerns about unethical behaviour, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal/regulatory requirements as per the Whistle-blower Policy of the Company.
- 12) Shall make disclosures relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company.
- 13) Shall obtain approval of the Board as well as public shareholders by way of an ordinary resolution before entering into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.
- 14) Shall ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as also other regulations as may become applicable to them from time to time.

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Code of Conduct for Independent Directors

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.
- 10) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 11) bring an objective view in the evaluation of the performance of board and management;
- 12) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 13) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 14) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 15) balance the conflicting interest of the stakeholders;
- 16) 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 of executive Directors, key managerial personnel and senior management;
- 17) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- 18) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 19) 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;
- 20) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 21) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 22) strive to attend the general meetings of the company;

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- 23) 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;
- 24) keep themselves well informed about the company and the external environment in which it operates;
- 25) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 26) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 27) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 28) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 29) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 30) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Compliance Officer

The Company Secretary shall be the Compliance Officer for the purpose of this Code.

Annual Compliance Reporting

Each Board Member and Senior Management shall affirm compliance with this Code on an annual basis as at the end of each financial year of the Company.

Acknowledgement of receipt of the Code

Each Board Member and Senior Management both present and future shall acknowledge receipt of the Code or any modification(s) thereto.

Any breach of the aforesaid Code brought to the notice of the Compliance Officer or any member of the Board or Senior Management shall be reported to the Board of Directors of the Company for necessary action.

The Code shall be posted on the website of the Company <https://lifeinsurance.adityabirlacapital.com/>

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Appendix I

Duties of the Board of Directors under 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, the community and for the protection of environment.
- 3) A director of a company shall exercise his 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 may have a direct or indirect interest that conflicts, or possibly 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 or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- 6) A director of a company shall not assign his office and any assignment so made shall be void.

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Appendix II

Responsibilities of the Board of Directors under the SEBI Listing Regulations:

The Board of Directors shall have the following responsibilities:

(i) Disclosure of information:

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors:

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

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(iii) Other responsibilities:

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of nonexecutive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- (10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- (11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors

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Appendix III

Role and Responsibilities of the Board of Directors under the Guidelines for Corporate Governance for Insurers in India issued by IRDAI:

- 1) The Board should ensure that the Governance principles set for the insurer comply with all relevant laws, regulations and other applicable codes of conduct.
- 2) The Board should set the following policies in consultation with the Management of the Company.
 - a) Define and periodically review the business strategy.
 - b) Define the underwriting policy of the insurer.
 - c) Determine the retention and reinsurance policy and in particular, the levels of retentions of risk by the insurer and the nature and extent of reinsurance protection to be maintained by the insurer.
 - d) Define the policy of the insurer as regards investment of its assets consistent with an appropriate asset liability management structure.
 - e) Define the insurer's policy on appointments and qualification requirements for human resources and ensure that the incentive structure does not encourage imprudent behaviour.
- 3) The Board should define and set the following standards:
 - a) Define the standards of business conduct and ethical behaviour for directors and senior management
 - b) Define the standards to be maintained in policyholder servicing and in redressal of grievances of policyholders.
- 4) The Board would be responsible to provide guidance for implementation of business strategy and review the same periodically.
- 5) As an integral part of proper implementation of the business strategy, the Board should take action as under:
 - a) Establish appropriate systems to regulate the risk appetite and risk profile of the Company. It will also enable identification and measurement of significant risks to which the company is exposed in order to develop an effective risk management system.
 - b) Ensure that all directions of IRDAI are submitted to the Board and the recommendations are implemented as per the Board philosophy.
 - c) Ensure that the IT systems in the company are appropriate and have built-in checks and balances to produce data with integrity and put in place a business continuity and disaster recovery plan.
 - d) Ensure that the company has put in place a robust compliance system for all applicable laws and regulations.
 - e) Prescribe requirements and frequency of reporting in respect of each of the above areas of responsibility as may be decided by the Board.

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