

AURANGABAD ELECTRICALS LIMITED
Anti-Bribery and Anti-Corruption (ABAC) Policy

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AURANGABAD ELECTRICALS LIMITED
ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

1. POLICY STATEMENT

Aurangabad Electricals Limited ("AEL" / "the Company") practices a zero-tolerance approach to the bribery and corruption and is committed to act in legally compliant, professional, ethical, fair manner and with integrity in all its business dealings, relationships and in implementing, enforcing effective systems to counter bribery and corruption in any form or nature. AEL mandates compliance with all applicable anti-bribery and anti-corruption laws in India (i.e. Prevention of Corruption Act, 1988, Indian Penal Code, 1860, etc.), and other applicable laws.

The basic tenets of anti-bribery and anti-corruption are postulated in the AEL's Code of Conduct. This Anti-Bribery and Anti-Corruption Policy (the 'Policy' or 'ABAC Policy') has been formulated and designed to provide a framework for ensuring compliance with various legislations/laws governing bribery and corruption globally and provides guidance on the standards of behavior to which we must all adhere.

AEL's commitment is to always act with integrity to ensure that we are trusted by our customers, colleagues, business partners, and the communities in which we operate. As part of this commitment, any form of bribery and corruption is not acceptable. We prefer foregoing business opportunities rather than paying bribes or adopting to corrupt business practices.

2. PURPOSE: The purpose of the Policy is to:

- 1) set out our responsibilities, and those of anyone working for and on our behalf, in observing and upholding our position on bribery and corruption in government and non-government (private commercial) dealings;
- 2) provide information and guidance to those working for us, including but not limited to our entire supply chain and any third party (or their affiliated enterprises conducting business with the Company) on how to recognize and deal with bribery and corruption issues.

3. SCOPE AND APPLICABILITY: The Policy applies to all AEL employees and all third parties of any type.

"Employee" includes all directors, officers, employees engaged directly or indirectly, wherever located regardless of grade and position, in terms of all dealings and transactions in all countries where the Company operates.

"Third party" means any individual or organization who has business dealings with the Company and includes actual and potential business associates, customers, contractors, subcontractors, business partners, suppliers, distributors, business contacts, agents, technical and other consultants and government bodies and officials or any other person associated with or acting on behalf of the Company.

4. BRIBERY AND CORRUPTION

Bribe is anything of value, including money, gifts and entertainment, other business courtesies, hospitality, or personal gratification given, offered, or received in an attempt to influence a person's behavior, in order to obtain or retain business, or to secure an unfair benefit or advantage.



Corruption is dishonest behavior by those in positions of power, such as managers or Government Officials. Corruption can include giving or accepting bribes or inappropriate gifts, under-the-table payments, or benefits, diverting funds, laundering money, and defrauding investors.

Example 1: Offering Bribe

You offer a potential client tickets to a holiday abroad, but only if they agree to do business with you.

In this case you would be committing an offence as you are making the offer to gain an improper commercial and contractual advantage. The Company may also be found to have committed an offence because the offer has been made improperly to obtain business for us. It may also be an offence for the potential customer to accept your offer.

Example 2: Receiving Bribe

A supplier gives your distant relative a job but makes it clear that in return they expect you to use your influence in the Company to ensure we continue to do business with them. It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain an improper personal advantage.

5. FORMS OF BRIBERY THAT POSE THE GREATEST RISK

There can be numerous types or forms of bribery and corrupt practices, but the following areas pose the greatest risk:

a. Gifts and Hospitality

This Policy recommends that all Employees assess the intention behind any gift or hospitality given or received. Gifts or Hospitality, with the intention of improperly influencing one's decision-making ability or making the recipient feel unduly obligated in any way, shall never be offered, or received. The Company prohibits the offer or receipt of gifts or hospitality that are not reasonable and bona fide. The Company has a separate policy on Gifts and Entertainment which should be referred to for further details.

The giving or receipt of gifts or hospitality is not prohibited, if the following requirements are met:

- i) it is not made with the improper, quid pro quo intention of influencing a party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- ii) it complies with local law's;
- iii) it is given in the name of the Company and not in the name of the employee;
- iv) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- v) it is appropriate in the given circumstances and is reasonable and justifiable;
- vi) it considers the reason for the gift, it is of an appropriate type and value and given at an appropriate time;
- vii) it is given openly, not secretly; and
- viii) it is not offered to, or accepted from, government officials or employees, or politicians or political parties, without the prior approval of the Line Manager/The Company Secretary.



b. What is not acceptable?

It shall not be acceptable for any Employee to:

- i) give, promise to give, or offer, a thing of value with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- ii) give, promise to give, or offer, a thing of value to a government official, agent or employee to facilitate or expedite a routine procedure;
- iii) accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- iv) accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- v) threaten or retaliate against another employee who has refused to commit a bribery offense or who has raised concerns under this Policy; or
- vi) engage in any activity that might lead to a breach of this Policy.

c. Political Contributions

The Company upholds its commitment to not support any specific political party or have any political affiliation. No political contributions shall be made on behalf of the Company either directly or indirectly to any political party or for any political purpose without the prior approval of the Board of Directors. No employee shall use his job title or Company affiliation in connection with political activities.

d. Charitable contributions and sponsorships

The Company shall ensure that charitable contributions and sponsorships are not used as a vehicle for bribery. We shall publicly disclose all our charitable contributions and sponsorships and ensure that all such transactions are legal and ethical under local laws and practices.

e. Facilitation payments and Kickbacks

Facilitation payments are small expediting or grease payments made to Government Officials to facilitate or expedite the performance of a routine, non-discretionary governmental action that a Government Official is already obligated to perform, such as issuing certain permits, licenses, visas and mail. Facilitation payments do not include any decision by a Government Official to award new business or to continue business with a Company.

A kickback is a form of negotiated bribery in which a commission is paid to the bribe-taker as a Quid Pro Quo for services rendered. The remuneration (money, goods or services handed over) is negotiated ahead of time. The kickback varies from other kinds of bribes in that there is implied collusion between agents of the two parties, rather than one party extorting the bribe from the other. The purpose of kickback is usually to encourage the other party to co-operate in the illegal scheme.

The Company prohibits facilitation or grease payments or kickbacks of any kind, regardless of whether such payments are permitted under applicable law. It is also our policy that we work to ensure that our agents and other intermediaries, joint ventures and consortia, contractors and suppliers do not make facilitation payments or kickbacks on our behalf. If you have doubts about a payment and suspect that it might be considered a facilitation payment, check with the Company Secretary for expertise and guidance.



Any suspicion, concern/s or querie/s regarding a payment should be raised with the Company Secretary. If the demand is accompanied by immediate threat of physical harm or arrest then put safety first, make the payment and report immediately to the Senior Management and Company Secretary, the circumstances and amount of the payment.

6. RESPONSIBILITY OF EMPLOYEES

All employees shall ensure that they have read and understood this Policy and must at, all times comply with its requirements.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Company or under its control. All employees are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

Employees shall notify their Line Manager and consult the Company Secretary, as soon as possible, if they believe or suspect or have a reason to believe or suspect, that a breach of this Policy has occurred, or may occur in the future.

An employee who breaches any terms of this Policy shall face disciplinary action, up to and including dismissal. The Company reserves the right to terminate a contractual relationship with third parties or associated persons if they breach this Policy. The Company may also report the matter to relevant authorities.

7. GETTING HELP

For further guidance regarding this Policy, you may contact the Line Manager or the Company Secretary.

8. THIRD PARTY MANAGEMENT

To minimize the risk of doing business with a corrupt third party, the Company shall assess the third party and confirm that it is a legitimate business with a reputation for integrity. Before engagement, the Company shall subject each third party to the due diligence process. Subsequently, every third party shall complete the annual certification as per the format given in Annexure "B".

No employee shall circumvent the Company's policies and procedures by using the third party to do what the Company would not do itself.

All Red Flags with respect to a third party that signify a heightened risk to the Company must be reported. (Please refer to SCHEDULE 1 for examples of Red Flags).

9. RECORD-KEEPING

- AEL's books and records shall be fair and accurate and reasonably detailed.

The Company shall keep financial records and have appropriate internal controls in place, which shall evidence the business reason for making payments to third parties.



The Company shall declare and keep a written record of all gifts and hospitality accepted or offered, which shall be subject to managerial review.

The Company shall ensure all expense claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with Policy on Gifts and Entertainment and specifically record the identity of any third parties and the reason for the expenditure.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers, and business contacts, shall be prepared and maintained with strict accuracy and completeness. No accounts shall be kept off-book to facilitate or conceal improper payments.

10. WHAT TO DO IF YOU ARE A VICTIM OF BRIBERY OR CORRUPTION?

It is important that you tell your Line Manager and the Company Secretary as soon as possible if you are offered a bribe by a third party or are asked to give a bribe or suspect that this may happen in the future.

11. WHISTLEBLOWING

Employees who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Company encourages openness and supports anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken. If a violation of the relevant laws or policies is proven, appropriate action shall be taken.

AEL shall not tolerate retaliation in any form against anyone for raising concerns or reporting what they genuinely believe to be improper, unethical, or inappropriate behavior. All reports shall be treated confidentially.

The Company is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith, their suspicion that an actual or potential bribery or other corruption offense has taken place or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavorable treatment connected with raising a concern. If you believe that you have suffered any such treatment, inform the Company Secretary, immediately. For more information, please refer to the Whistle-blower Policy.

12. ENFORCEMENT - DISCIPLINARY APPROACH

The Company's ABAC Policy shall be promoted and enforced consistently throughout the Company with clear and consistent disciplinary consequences to anyone who violates the Policy.

All employees are expected to comply with the laws, rules, and regulations of the countries in which we operate and that apply to their day-to-day activities, as well as our own internal policies, standards, and procedures. Appropriate consequences would follow any failure to meet the Company's standards or applicable laws and regulations, up to and including termination of employment in appropriate circumstances, forfeiture of deferred compensation awards and other forms of discipline that the Company deems appropriate in the circumstances, subject to local laws and regulations.



13. TRAINING AND COMMUNICATION

As part of the prevention, identification and detection of Anti-bribery and Anti-corruption issues, trainings and risk assessments shall be conducted throughout the Company.

Training on this Policy shall form part of the induction process for new employees at all levels working in those areas of the Company that are seen as susceptible to ABAC risk. All existing employees in such areas, at all levels, shall receive regular, relevant training on how to implement and adhere to this Policy.

The Company's zero-tolerance approach to bribery and corruption shall be communicated to all third parties at the outset of the Company's business relationship with them and as appropriate thereafter. Wherever possible, all such third parties shall also be sent a copy of this Policy at the outset of the said business relationship and periodically throughout the term of the relationship.

14. WHO IS RESPONSIBLE TO ENSURE COMPLIANCE WITH THE POLICY?

The Board of Directors of the Company shall have the overall responsibility for ensuring this Policy complies with our legal and ethical obligations and that all those under our control comply with it.

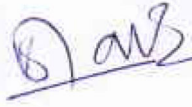

The Company Secretary has primary responsibility for implementing this Policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Line Managers at all levels are responsible for ensuring those reporting to them are made aware of and understand this Policy and are given adequate and regular training on it. Every person to whom this Policy applies is responsible for the success of this Policy and shall ensure that they use it to disclose any suspected activity or wrongdoing.

All employees shall be required to give an annual certification confirming their compliance with this Policy in the prescribed format enclosed as Annexure "B".

15. MONITORING AND REVIEW

The Company Secretary shall monitor the effectiveness and review the implementation of this Policy, regularly considering its suitability, adequacy, and effectiveness. Any improvements identified shall be made as soon as possible. Internal control systems and procedures shall be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.

Employees are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions, and queries shall be addressed to the Company Secretary.

	 4/4/2020
Compiled by: Vishnu Salunke, (Manager- CS, Legal & Compliance)	Reviewed and approved by: Saumen Majumdar (Vice President- Corporate HR & Business Excellence)



SCHEDULE 1 - RED FLAGS

The following is a list of possible red flags that may arise during the course of business dealings with third parties and which may raise concerns under various applicable anti-bribery and anti-corruption laws. In such cases, the employee shall report them promptly to the Line Manager or the Company Secretary.

The list below is not intended to be exhaustive and is for illustrative purposes only:

Reputational Risk

- The transaction or the third party is in a country known for widespread corruption, as measured by the Transparency International Corruption Perceptions Index or other similar indices.
- The third party has a history of improper payment practices, such as prior or ongoing formal or informal investigations by law enforcement authorities or prior convictions.
- The third party has been subject to criminal enforcement actions or civil actions for acts suggesting illegal, improper, or unethical conduct.
- The third party has a poor business reputation.
- Allegations that the third party has made or has a propensity to make prohibited payments or facilitation payments to officials.
- Allegations related to integrity, such as a reputation for illegal, improper, or unethical conduct.
- The third party does not have in place an adequate compliance program or code of conduct or refuses to adopt one.
- Other companies have terminated the third party for improper conduct.
- Information provided about the third party or its services of principals is not verifiable by data, only anecdotally.

Government Relationships

- The third party has a family relationship with a foreign official or government agency.
- The third party has a business relationship or association with a foreign official or government agency.
- The third party previously worked in the government at a high level, or in an agency relevant to the work he/she will be performing.
- The third party is a company with an owner, major shareholder or executive manager who is an official.
- There is a rumour or other information that the third party has an undisclosed beneficial owner.
- A government official suggests, requests, urges, insists, or demands that a particular party, company, or individual be selected or engaged, particularly if the official has discretionary authority over the business at issue.
- The third party makes large or frequent political contributions.
- The third party conducts private meetings with government officials.
- The third party provides lavish gifts, paid travel, or hospitality to government officials.
- The third party insists on dealing with government officials without the participation of the company.

Insufficient Capabilities

- The third party is in a different line of business than that for which it has been engaged.
- The third party lacks experience or a "track record" with the product, service, field, or industry.
- The third party does not have offices or a staff, or lacks adequate facilities or staff, to perform the work.
- The third party has an unusual or non-existent corporate structure.



- The address of the third party's business is a mail drop location, virtual office, or small private office that could not hold a business the size that is claimed.
- The third party is not expected to perform substantial work.
- The third party has not been in business for very long or was only recently incorporated.
- The third party has poor financial statements or credit.
- The third party's plan for performing the work is vague and/or suggests a reliance on contacts or relationships.

Type and Method of Compensation

- The third party requests an unusual advance payment.
- The fee, commission, or volume discount provided to the third party is unusually high compared to the market rate.
- The compensation arrangement is based on a success fee or bonus.
- The third party offers to submit or submits inflated, inaccurate, or suspicious invoices.
- The third party requests an invoice to reflect a higher amount than the actual price of goods provided.
- The third party's invoice vaguely describes the services provided.
- The third party requests cash, cash equivalent, or bearer instrument payments.
- The third party requests payment in a jurisdiction outside its home country that has no relationship to the transaction or the entities involved in the transaction – especially if the country is an offshore financial center.
- The third party requests that payment be made to another third party or intermediary.
- The third party proposes the use of shell companies.
- The third party requests that payments be made to two or more accounts.
- The third party shares compensation with others whose identities are not disclosed.
- The third party requests an after-award services contract that it does not have the capacity to perform.
- The third party requests that a donation be made to a charity.
- The third party refuses to properly document expenses.
- The third party pressures the company to make the payments urgently or ahead of schedule.
- The third party requests a large up-front payment.
- The third-party requests payment arrangements that raise local law issues, such as payment in another country's currency.
- The third party requests an increase in the contractually agreed upon form of payment (commission, etc.) and links the need for higher payments to the ability to successfully secure business.

Unusual Circumstances

- The third party refuses to agree to comply with applicable anti-corruption legislation, anti-money laundering laws, or other similar laws and regulations.
- The third party refuses to warrant past compliance with applicable anti-corruption legislation, anti-money laundering laws, or other similar laws and regulations.
- The third party refuses to execute a written contract, or requests to perform services without a written contract where one is sought.
- The third party insists that its identity remain confidential or that the relationship remain secret.
- The third party refuses to divulge the identity of its beneficial owners, directors, officers, or other principals.
- The third party refuses to answer due diligence questions.
- The third party refuses to allow audit clauses in contracts.



- The third party refuses to allow an audit pursuant to contractual audit clauses or delays the execution of the audit.
- The third party suggest the hiring of an individual that appears to have connections or is related to a government official.
- A suggestion by the third party that anti-corruption compliance policies need not be followed.
- A suggestion by the third party that otherwise illegal conduct is acceptable because it is the norm or customs in a particular country.
- Suspicious statements by the third party such as needing payments to “take care of things” or “finalize the deal.”
- The representation is illegal under local law.
- The alleged performance of the third party is suspiciously higher than competitors or companies in related industries.
- A third party guarantees or promises unusually high rates of return on the promotional services provided.
- The third-party requests approval of a significantly excessive budget or unusual expenditures.

SCHEDULE - 2

ANNEXURE – “A” – ANTI-BRIBERY AND ANTI-CORRUPTION (ABAC) COMPLIANCE CERTIFICATION - EMPLOYEE

To,
The Company Secretary,
Aurangabad Electricals Limited.

I, the undersigned do hereby state that, I have read and understood the AEL Anti-Bribery and Anti-Corruption Policy (the “Policy”) and certify that:

I am not aware of any act of bribery or corruption having taken place, as defined in the Policy.

All hospitality, promotional or other business expenditures with which I have been involved are bona fide, reasonable, and proportionate. In addition, the intention of such expenditure has been solely for the furtherance of legitimate business interests of the Company, to improve the image of the Company, better to present its products and services, or to establish cordial business relations for the Company with appropriate third parties.

All transactions with which I have been involved have been undertaken at arm’s length and were at market value.

In respect of all sales or any other agents that, I am aware of, there is a formal contract in place between the Company and the agent. In addition, such contracts refer to the agent’s obligation not to contravene any anti-bribery legislation or the Company’s anti-bribery and anti-corruption policy.

No facilitation payments (payments made to secure performance of routine government action) have been made.



I have not engaged in any acts of bribery or corruption while discharging my duties for the Company.

No goods or services have been procured using cash, other than amounts which represent legitimate petty cash expenditure and which in no way could be confused as bribery related.

I am not aware of any political or charitable donations having been made.

I confirm that I have read and complied with the Company's **Anti-Bribery and Anti-Corruption Policy**.

Signature: _____ Name: _____

Date: _____ Token No: _____

ANNEXURE "B" – ANTI-BRIBERY AND ANTI-CORRUPTION (ABAC) COMPLIANCE CERTIFICATION – THIRD PARTY AGENT

To,
The Company Secretary,
Aurangabad Electricals Limited.

I/We, the undersigned do hereby state that I/We have read and understood AEL Anti-Bribery and Anti-Corruption Policy (the "Policy") and certify that:

- I/we are aware that an act of bribery may involve either the giving or the receiving of a bribe, and may involve another business, a governmental organization or any other third party. In order to constitute a bribe, there must be an intention for a financial or other benefit to influence a third party and thereby secure business or a business advantage.
- there is a formal contract in place between the Company and myself/ourselves. I/we am/are aware that such contracts refer to my/our obligation not to contravene any anti-bribery legislation or the Company's anti-bribery and anti-corruption policy.
- I/we am/are not aware of any act of bribery or corruption having taken place involving my business or my employees, as defined in this Policy. I/we also confirm that I/we have not breached the Company's anti-bribery and anti-corruption policy, nor are we aware of any other party or entity breaching the policy.
- all hospitality, promotional or other business expenditure with which I/we have been involved is bona fide, reasonable and proportionate. In addition, the intention of such expenditure has been solely to improve the image of the Company, better to present its products and services, or to establish cordial business relations for the Company with appropriate third parties.
- all transactions with which I/we have been involved have been undertaken at arm's length and were at market value.



I have not engaged in any acts of bribery or corruption while discharging my duties for the Company.

No goods or services have been procured using cash, other than amounts which represent legitimate petty cash expenditure and which in no way could be confused as bribery related.

I am not aware of any political or charitable donations having been made.

I confirm that I have read and complied with the Company's **Anti-Bribery and Anti-Corruption Policy**.

Signature: _____ Name: _____

Date: _____ Token No: _____

ANNEXURE "B" – ANTI-BRIBERY AND ANTI-CORRUPTION (ABAC) COMPLIANCE CERTIFICATION – THIRD PARTY AGENT

To,
The Company Secretary,
Aurangabad Electricals Limited.

I/We, the undersigned do hereby state that I/We have read and understood AEL Anti-Bribery and Anti-Corruption Policy (the "Policy") and certify that:

- I/we are aware that an act of bribery may involve either the giving or the receiving of a bribe, and may involve another business, a governmental organization or any other third party. In order to constitute a bribe, there must be an intention for a financial or other benefit to influence a third party and thereby secure business or a business advantage.
- there is a formal contract in place between the Company and myself/ourselves. I/we am/are aware that such contracts refer to my/our obligation not to contravene any anti-bribery legislation or the Company's anti-bribery and anti-corruption policy.
- I/we am/are not aware of any act of bribery or corruption having taken place involving my business or my employees, as defined in this Policy. I/we also confirm that I/we have not breached the Company's anti-bribery and anti-corruption policy, nor are we aware of any other party or entity breaching the policy.
- all hospitality, promotional or other business expenditure with which I/we have been involved is bona fide, reasonable and proportionate. In addition, the intention of such expenditure has been solely to improve the image of the Company, better to present its products and services, or to establish cordial business relations for the Company with appropriate third parties.
- all transactions with which I/we have been involved have been undertaken at arm's length and were at market value.



- no facilitation payments (payments made to secure performance of routine government action) have been made by me/us.
- I/we have not engaged in any acts of bribery or corruption while discharging my duties for or on behalf of the Company.
- no goods or services have been procured using cash, other than minimal amounts which represent legitimate petty cash expenditure.
- no political or charitable donations have been made by me/us, save and except as duly approved and disclosed in the financial statements.
- I/we have granted the Company the right to audit our books and records to confirm that no improper payments have been made by me/us.
- I/we have read and complied with the Company's Anti-Bribery and Anti-Corruption Policy.

Signature: _____ Name Printed: _____
 Date: _____ Contract: _____

