

22.0 Environment, Social & Governance
P22.10 Anti-Bribery & Anti-Corruption (ABAC) and
Anti-Money Laundering (AML) Policy
Vardhman Group

Document Attributes

Policy Document Number	VG/ ESG/ P22.10 Anti-Bribery & Anti-Corruption and Anti-Money Laundering Policy	
Policy Owner(s)	Functional Head	
Process Approvers	Board Chairperson	
Process Council	ESG Committee	
Applicability	Vardhman Group	
Review Frequency	As & When	
Version and Issue Date	Version 01.0	January 2025

Table of Contents

22.16.1.	Objective	3
22.16.2.	Scope & Applicability	3
22.16.3.	Definition	3
22.16.4.	General Guidelines on Anti-Bribery & Anti-Corruption (ABAC)	4
22.16.5.	Reporting and Non-Compliance	4
22.16.6.	Gifts & Hospitality	5
22.16.7.	Charitable & Political Contribution	6
22.16.8.	Third Party	7
22.16.9.	Responsibilities of Associates	7
22.16.10.	Record Keeping	7
22.16.11.	Investigation & Disciplinary Action.....	7
22.16.12.	Employment Practice	8
22.16.13.	What do you do if you are a victim of Bribery or Corruption.....	8
22.16.14.	Training & Communication	8
22.16.15.	Who is responsible for the policy	8
22.16.16.	Monitoring & Review	8
22.16.17.	Guidelines on Anti-Money Laundering (AML) Policy.....	9
22.16.18.	Governance	10
22.16.19.	Policy Review.....	10

22.10.1. Objective

The purpose of Anti-Bribery and Anti-Corruption (ABAC) Policy is to ensure that the Vardhman Group conducts its operations and business activities in consonance with applicable laws, highest ethical standards and to ensure the prevention as well as the detection of fraud, bribery, and corruption. This policy aligns seamlessly with our unwavering commitment to preventing corruption, as enshrined in the company's Code of Conduct and Ethics.

22.10.2. Scope & Applicability

This policy applies to all individuals working for Vardhman Group or any of its subsidiaries and affiliates anywhere in the world (collectively referred to as the Company") and at all levels and grades.

This includes directors, senior managers, officers, employees (whether regular, fixed-term, or temporary), consultants, contractors, trainees, seconded staff, home-workers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as "associates" in this policy).

In this policy, third party means any individual or organization that an associate may come into contact with during the course of their engagement with the company and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, business associates (including rainmakers, etc.) and government and public bodies including their advisors, representatives and officials, Politicians and political parties.

22.10.3. Definition

1. **Bribery:** Bribery is 'Anything of Value' offered that may be perceived as an attempt to influence an action or decision to obtain or retain business or acquire an 'Improper Advantage', wherein,
 - **Anything of Value:** Anything of value means and includes money, gifts, favours, and use of company resources, donations (in kind and money), employment, internships, entertainment, or other items of value.
 - **Improper Advantage:** Examples of 'improper advantage' include but are not limited to unduly influencing the procurement process, improperly influencing to obtain favorable audit findings, gaining access to non-public bid tender information, evading taxes, obtaining licenses/permits or penalties, etc.
 - **Bribe:** includes any form of kickback.
2. **Corruption:** Corruption is a form of dishonest, fraudulent, or otherwise unethical or illegal conduct by a person in a position of power or public trust (like a public official), based on improper influence. It is an abuse of power or public trust for private gain.

3. **Kickback:** A kickback is a type of bribe where two parties collude with each other so that they both gain from the exchange. A kickback can be anything of value, including monetary reward, fee, commission, credit, gift, loan, entertainment, service, or compensation of any kind that is provided in exchange for a favour.
4. **Conflict of Interest:** “Conflict of Interest” occurs when the personal interest of any employee of Vardhman interferes or appears to interfere in any way with the interests of the company. Conflict of Interest includes but is not limited to, a director or an employee who is a party to, or who is a director or an employee of, or who has a material interest in, any person who is a party to a material contract or proposed material contract with Vardhman. It also means any situation that could reasonably be expected to impair their ability to render unbiased and objective advice/ decision / recommendation or that could reasonably be expected to adversely affect that person’s responsibility towards Vardhman.
5. **Facilitation Payment:** A facilitation payment is a payment to secure or accelerate routine governmental actions. Employees from whom facilitation payments are solicited should politely but clearly decline to make such payments, citing this policy and applicable laws unless there is a threat to employee safety.

22.10.4. General Guidelines on Anti-Bribery & Anti-Corruption (ABAC)

1. Vardhman does not, directly or through a third party, promise, offer, make, authorize, solicit, or accept any financial or other advantage, to or from anyone to obtain or retain business or secure an improper advantage in the conduct of business. Vardhman prohibits any kind of facilitation payments, bribery, or corruption.
2. All personnel to whom this policy applies should evaluate activities on the below-mentioned parameters before initiating any transaction with or on behalf of the company.
 - **Legitimacy of intent:** Activities, interactions, and transactions entered have a valid purpose and are conducted in line with our values and expectations;
 - **Transparency:** All transactions are transparent and properly documented;
 - **Proportionality:** Transfers of value made, and resources invested meet but do not exceed the needs of the interaction or transaction.
 - **No conflicts of interest or undue influence:** Do not exercise undue influence and also, avoid situations that create or appear to create conflicts of interest;

22.10.5. Reporting and Non-Compliance

1. All employees bear the responsibility of promptly reporting any demands received for a bribe, whether payment has occurred or not, at the earliest to their Reporting Manager.
2. In case of, any suspicious activity, employees should report the details to the Functional Head and/or HR Head.

3. Failure to report a reasonable belief of a violation, whether ongoing or occurred, is considered a violation of this policy. Such failure will be met with appropriate disciplinary measures, including termination of employment.
4. Vardhman is committed to conducting timely and thorough investigations into all reported issues. It is important to emphasize that Vardhman strictly prohibits any form of retaliation or support for retaliation against employees who raise concerns in good faith or cooperate with investigations. Employees have the option to submit anonymous reports unless prohibited under any law.

22.10.6. Gifts & Hospitality

Vardhman upholds a bona fide approach to business expenditures related to gifts that are proportionate, reasonable, and conducted in good faith.

The giving or receiving of gifts must adhere to the following guidelines:

- All expenditures must comply with the legal framework in the jurisdiction where the company operates,
- Any expenditure must align with the company's internal ethical guidelines, known as the Code of Conduct.
- Any expenditure involves transactions with external parties, the policies and rules of the recipient must allow such transactions.
- It must be within the financial thresholds or monetary limits defined by the management.
- Any expenditure must be made openly and transparently. All expenditures should be recorded accurately in the Company's financial records.
- Funds are used efficiently and for legitimate business purposes, rather than for personal or non-business-related costs.

1. Accepting Gifts

- Acceptance of gifts is not encouraged.
- Employees are strictly prohibited from leveraging their official positions to solicit, demand, accept, obtain, or be promised gifts from Third Parties, Customers, Suppliers, or any individuals associated with Vardhman.
- Receiving money or cash equivalents such as gift cards, gift certificates, or vouchers is never permitted.

2. Offering gifts

- Gifts exchanged with Customers, although may be potentially influenced by cultural practices, must strictly adhere to Vardhman's policy. When offering a gift to a Customer on behalf of the Company, it should be exclusively for business purposes and within specified limits.
- Gifts shall be provided to a Customer only after consultation with the Functional Head and/ or HR Head.
- Giving money or cash equivalents such as gift cards, gift certificates, or vouchers is never permitted.
- Gifts offered must follow the policies of the recipient.

- We shall offer uniform or centrally procured gifts during local cultural festivals.

3. Entertainment

The term Entertainment means any form of meals, travel, accommodation, cultural or sporting event, offered to or received from a person or entity outside of Vardhman. Entertainment shall not be used to influence any person or to obtain or retain an improper business advantage.

- All Entertainment is subject to the following rules:
- Any Entertainment shall be modest in value, customary to the occasion, and during business conduct such as a meeting to explain or promote Vardhman's products or services.
- Any Entertainment must be conducted in a transparent manner and shall be befitting of the values of the Company.
- Any expenses on entertainment shall be properly documented in the Company's books.
- Any entertainment offered shall follow the recipient's policies.
- While offering any Entertainment, the Vardhman employee shall be in attendance along with the Customer.
- Gifts, travel, or entertainment costs shall never be offered to family members of Government Officials.
- The expenses shall comply with this Policy as well as any applicable expense reimbursement policy.

4. Hospitality Events

The term hospitality events include, but are not limited to, sporting events, cultural performances, and/or charity balls where the primary purpose of the event is networking. The provision of this policy relating to hospitality events does not apply to business events where the main agenda of the event is to present Company products or services to Customers and prospects.

- Acceptance of hospitality events is not permitted where we are participating in a competitive bid for work.
- Acceptance of hospitality is permitted if there is no risk of such acceptance being seen as influencing a decision in favour of the host or invitee.
- Functional Head and/or HR Head will review the proposal for accepting hospitality in case, the employee who receives the proposal is a decision maker, making business decisions in respect of the third party.

22.10.7. Charitable & Political Contribution

Charitable contributions in the form of in-kind services or products, knowledge sharing, time, or direct financial contributions, may be made by the Company from time to time. However, the following conditions must be met for such contributions to be acceptable:

- The donation is legal and ethical under local laws and practices.
- Proper due diligence is performed to verify the antecedents of the Third Party and to ensure that the recipient is a bona fide charitable organization and the recipient has no connection to a Government Official who is in a position to act or take a decision in favour of Vardhman.

- The donation will not be misused in exchange for a business benefit or advantage;
- It is accurately recorded in the Company's books and records.

22.10.8. Third-Party

- Third parties can put the Company at risk if they do not follow ethical business practices. For that reason, the Company will develop procedures for conducting appropriate risk-based due diligence on third parties, and the implementation of appropriate steps to address any identified risks, to ensure compliance with applicable anti-corruption laws.
- Associates must carefully follow the procedures that are established under this policy.

22.10.9. Responsibilities of Associates

- Associates must ensure that they have read and understood this policy and, must at all times comply with the terms and conditions of this policy. Prevention, detection, and reporting of corruption are the responsibility of all those working for us or under our control.
- All associates are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- Associates must notify their Reporting manager and /or Functional Head or consult with the concerned HR SPOC 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.

22.10.10. Record Keeping

- The Company will keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to and receiving payments from, third parties.
- Associates must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review and/or a review from the appropriate member of the Company's HR team.
- Associates must ensure that all expense claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with the Company's applicable policy and specifically record the reason for such expenditure.
- Associates shall further ensure that all expense claims shall comply with the terms and conditions of this policy.
- All accounts, invoices, memoranda, and other documents and records relating to dealings with third parties, such as clients, suppliers, and business contacts, should be prepared and maintained with strict accuracy and completeness.
- No records shall ever be kept "off-book" to facilitate or conceal improper payments.

22.10.11. Investigation & Disciplinary Action

- In case, someone is found to be involved in the process of Bribery and Money laundering, the Respective HR Head shall investigate the matter and take appropriate action.
- Management may delegate the responsibility of investigation to any existing or new committee for the detailed investigation of the matter, considering the sensitivity of the matter. If an employee is found to be alleged to the involved in such acts, it shall be under the discretion

of the company to terminate the employee on an immediate basis, as there shall be zero percent tolerance for the guilt under such circumstances.

22.10.12. Employment Practice

- Vardhman's commitment to a culture of integrity should be carried through in the recruitment process by selecting people who exhibit the required standard of quality on a merit basis only.
- No preference shall be given to an employee on the basis of caste, money social reputation, and network.
- The recruitment process shall be fair and completely on the basis of capability and merit.
- No undue advantage shall be given to any person on any grounds.

22.10.13. What do you do if you are a victim of Bribery or Corruption

- If you are offered a bribe by a third party, or if you are asked to make a bribe, or if you suspect that you may be asked to commit such a violation, or if you believe that you or anyone else is a victim of any form of unlawful activity, you must comply with this policy.

22.10.14. Training & Communication

- Dissemination of this policy for new joiner shall be carried out at the time of induction.
- This policy will also be shared with all existing associates. If there is any query about the understanding of this policy, they should contact your reporting manager.
- The Company's zero-tolerance approach to bribery and corruption should be communicated to all agents, suppliers, contractors, and business partners at the outset of the Company's business relationship with them and as appropriate thereafter.
- Wherever possible, all third parties should be sent a copy of this policy at the outset of the business relationship.

22.10.15. Who is responsible for the policy

- The Head of the Human Resources Department has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- The Head of the Human Resources Department of the region has primary day-to-day responsibility for implementing this policy.
- Management at all levels is responsible for ensuring that those reporting to them are made aware of and understand this policy and, if necessary and appropriate, are given adequate and regular training on it.

22.10.16. Monitoring & Review

1. Head, HR of the respective region will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy, and effectiveness.
2. Any improvement identified will be made and incorporated as soon as possible.

3. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.
4. All associates are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing. Associates are invited to comment on this policy and suggest ways in which it might be improved.
5. Comments, suggestions, and queries should be addressed to the Head, of HR.
6. This policy does not form part of the associate's contract of employment and it may be amended at any time by the company.

22.10.17. Guidelines on Anti-Money Laundering (AML) Policy

Money laundering is the illicit process of making large amounts of money generated by criminal activity, such as terrorism financing or sanction evasion, appear to have originated from a legitimate source. The act of laundering is carried out to conceal the origins of ill-gotten gains.

1. Company's Commitment to Anti-Money Laundering

- **Compliance with Laws:** The Company is dedicated to adhering to anti-money laundering (AML) and counter-terrorism financing (CTF) laws globally. The company pledges to engage in business exclusively with reputable customers engaged in lawful business activities, with funds derived from legitimate sources.
- **Due Diligence:** The Company mandates its members to gather and comprehend documentation regarding their customers and business partners. This is to ensure that these entities are involved in lawful business activities and that their funds originate from lawful sources.
- **Prevention and Detection:** The Company is committed to taking reasonable steps to prevent and detect any forms of payment that may be considered unacceptable or suspicious. Vigilance in monitoring transactions is a key component of Vardhman Group approach to AML.

2. Practices Not Tolerated by the Company:

- **Illegitimate Information Processing:** The Company will not process any information that is deemed to be illegitimate or unlawful. The Company's systems and controls are designed to identify and prevent the processing of such information.
- **Prohibition of Facilitating Crime:** The Company will not enter into, nor will it tolerate, any arrangements that facilitate or give the appearance of facilitating the acquisition, retention, use, or control of funds or payments intended to disguise the proceeds of crime.

22.10.18. Governance

- The Environment, Social & Governance (ESG) Committee of the Board shall govern the ABAC and AML Policy.
- This committee shall oversee the implementation and adherence to this policy.
- This committee is responsible for periodic assessments and reporting compliance to the management.

22.10.19. Policy Review

This policy will be reviewed periodically, at least once every two years, or As & When needed, to ensure that the Anti-Bribery, Anti-Corruption, and Anti-Money Laundering policies remain relevant, robust, and effectively enforced. By continuously improving these policies, the organization can mitigate risks, maintain its reputation, and ensure compliance with ever-evolving regulations.