

CONFIDENTIAL

Anti-Bribery Policy



MISHRA DHATU NIGAM LIMITED
Hyderabad

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ANTI-BRIBERY POLICY

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1. Purpose

The company has a zero-tolerance approach towards bribery. The company has already introduced Internal / external Whistle Blower policy, Integrity Pact as a measure against corruptive practices. This document is meant for outlining Company's anti-bribery policy under the relevant anti-corruption laws and company policies and also to make all concerned aware of the ways and means available to identify and fight against those anti-bribery risks.

2. Scope and applicability

This policy is applicable for all employees whether permanent or temporary, directors of MIDHANI, all business associates of the company including contractors, vendors, customers and their respective employees. This Policy extends to all of the Company's business operation and sectors in which the Company operates. All persons covered by this Policy, in discharging their duties on behalf of MIDHANI are at all times required to comply with the laws, adhere with the rules and regulations applicable in the country in which company is performing its business activities.

3. Key Definitions

- 3.1. Anti-bribery Act:** The Prevention of Corruption Act, 1988 is the principal legislation in India which provides for penalties in relation to corruption by public servants and also for those who are involved in the abetment of an act of corruption. The PC Act was amended in 2018 to criminalize giving and accepting of bribes and now prescribes for corporate entities to have compliance procedures in place, in order to prevent its employees from engaging in any act which may be categorized as corruption or bribery under the said Act.
- 3.2. Bribery:** "Bribery" means the offering, giving, receiving, or accepting bribes directly or indirectly. Bribes are kind of financial or other advantage, or anything of value, with the intention of influencing the decision or changing the behaviour of a person in a position of trust to

perform a public, commercial or legal function to gain or obtain a commercial advantage.

Bribes are payments made in cash or anything else of value to make someone to act in a particular way which is illegitimate and unethical and sometime illegal.

- 3.3. Conflict of interest:** Situation where an employee / director is confronted with choosing between the duties and demands of their position and their own private interests.
- 3.4. Facilitation Payment:** Facilitation payments are made to secure or expedite the performance of a routine or necessary action to which the payer has the right legally.
- 3.5. Integrity Pact:** An agreement between the company and the contractor / supplier that they will abstain from bribery, collusion and other corrupt practices for the extent of the contract to be monitored by External Independent External Monitor (IEM).
- 3.6. Lobbying:** Any activity carried out to influence company's or government's policies and decisions in favour of a specific cause or outcome.
- 3.7. Gifts:** Anything of value received or offered to the employee or their family members which may be in the form of cash or non-cash items. Few examples of such gifts are jewellery, expensive utility items, all expenses paid foreign trips, huge discounts more than the occasion demands, etc.
- 3.8. Kickbacks:** A kickback is a form of negotiated bribery in which a commission is paid to the bribe-taker in exchange for services rendered. It is an amount of money that is paid to someone illegally in exchange for secret help or work.
- 3.9. Whistleblower:** Making a disclosure in the public interest by an employee, director or an external person, to reveal corrupt activities / wrongdoing within the company that threatens its integrity and reputation.

4. Policy details

- 4.1. Prohibition of Bribery:** The Company is committed to conduct business in accordance with the highest ethical standards and prohibits all forms of bribery. No bribes of any form shall be offered or paid or accepted from customers, suppliers, government / public official, or agents/ representatives of private person or Company for or on behalf of the Company for any business or official matters or activities related to Company in order to gain any financial, commercial, contractual, regulatory or personal benefit for the Company or for another party. Section 8 of the PC Act which deals with the offence of bribing a public servant, provides for punishment of up to seven years imprisonment or a fine or both.
- 4.2. Prohibiting Facilitation Payments:** MIDHANI prohibits any employee from offering or authorizing a facilitation payment to secure or expedite the performance of a routine or necessary action such as obtaining an ordinary license or business permit.
- 4.3. Prohibiting Kickback:** Similarly, this policy strictly prohibits making or accepting improper payment including kickback of any kind.
- 4.4. Donations:** Company do not permit to provide a donation to influence decision of a government official. However, MIDHANI Management may decide to make charitable donations that are legal and permissible under Corporate Social Responsibility approved schemes and organisations. However, no donation must be offered or received without prior approval of Board of Directors. All such donations or contributions should be documented with a receipt. No contribution to be made directly or indirectly to any political party by company.
- 4.5. Gifts and Hospitality:**
- (a) This policy allows accepting or offering hospitality like meals, beverages, travel within a limit and small gifts such as pen, diary, dry fruits, sweets which are of nominal value to and from third parties in the ordinary course of business on special occasions such as Dussera, Diwali, New Year, etc. It is to be ensured that gifts and

hospitalities are reasonable, justifiable and not viewed as disproportionate to the situation under which the same is accepted or offered.

- (b) No *quid pro quo* – Offering or receiving gift / hospitality is not a favor for a favor;
- (c) The gift is always given under the company name instead of any individual.
- (d) It does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (e) Gifts should not be offered to, or accepted from Government official or politicians or political parties;
- (f) All employees should reject gift or hospitality, if there is a suspicion that the same is offered with an expectation that in exchange of gift or hospitality, a business favour will be done by the company;
- (g) Gift should be given in an open manner, not secretly;
- (h) Company permits accepting or incurring proportionate and reasonable expenditures for business promotion and events involving its customers, vendors and other stake holders legitimately designed to showcase, demonstrate its existing products and services to existing and potential business partners or to establish cordial business relations with existing or potential business partners.

4.6. *Conflict of Interest: Conflict of interest arise when the various interests, duties or commitments that any employee or director have come into conflict. An employee/director who is also a director or shareholder of another organization could compromise his or her duty to the company is an example of conflict of interest. Not always conflicts involve improper activities.*

An employee awarding a contract to a company or lobbying for that contract in which he or she has financial interest or some other

connection like as having relative in that company would be another example of conflict.

To address conflict of interest issues, employees should declare any conflicts of interest or the chances of a future conflict on their own whenever there arises a situation of conflict.

For declaration/disclosure of interest, Director(s) and Key Managerial Personnel (KMP) of the Company shall continue to comply with provision of the section 184 of Companies Act, 2013 read with Rule 9 of the Companies (Meeting of Board and its Power) Rules, 2014.

4.7. Probable instances of cases involving bribery

- (i) The potential business associate/third party lacks credentials financially or experience wise but eager to enter into contractual obligation.***
- (ii) Fictitious payments made under the disguise of fake service agreements.***
- (iii) Any potential third party / business associate guarantees of bagging contract or claims to have the ability to obtain permit or license without providing legitimate ways and means to fulfil the task.***
- (iv) Suspicious or abnormal financial arrangement.***
- (v) Requesting to park fund in bank account of someone not related to the business concerned.***
- (vi) A request to deposit commissions in multiple bank accounts,***
- (vii) Based on assessment of the potential business associate it is unearthed that the entity has dubious past record for dealing in fraudulent activities involving bribing.***
- (viii) The potential associate restricts access to his financial records or fails to provide detailed justification behind some high value transactions.***

5. Financial Controls

Financial controls are an important element to prevent bribery. Effective financial controls ensures that company has strong internal control system that contributes to various anti-bribery incidents and instances. The principal financial controls are described below:

- 5.1. **Check and balances:** Assignment of authorities to be made in a systematic manner as per hierarchy of the company. No one employee should have responsibility for more than one step in a transaction from initiation to completion. Operational functions to be kept separate from record keeping functions. Financial threshold to be made for different levels for approval of transaction.
- 5.2. **No off-the books accounts:** Often bribery instances are generated out of unaccounted funds. There must be an absolute rule that all transactions are truthfully recorded in official books and records and there are no 'off-the-books' accounts.
- 5.3. **Control of assets:** A mechanism should be in place for approval, tracking of assets. It is to be ensured by company that control is implemented in relation to the use, movement, write-off or deaccession of assets and inventory.
- 5.4. **Monitoring:** Financial control monitoring system to be in place at all levels of the company. Spot checks of the internal accounting control process should be applied in the purchasing, sales, stores, production and accounting departments. Apart from internal audit, external provision includes appointment of external auditors, and external independent monitors, CAG Auditors, etc.

6. Penalties

This policy should be read in conjunction with company's code of conduct. Violations by any company employee of any clause in this policy will result into disciplinary action as per the extant code of conduct / standing orders of the company which may result into minor /major punishments up to possible dismissal from the company. In case of adoption of activities by any third party which is prohibited by this policy may end into cancellation of contractual obligation with any third-party including commencement of

criminal proceeding under the law prevailing in the country. There should be a procedure of signing Integrity Pact for above threshold value by the prospective bidders for supply of equipment, goods and services and for works contracts defining the penalties embedded in it for offering bribes.

7. Manner of investigation for imposition of penalty

As per CVC guideline, as soon as a decision has been taken by the competent authority to investigate the allegations in the nature of criminal offence, investigation should be entrusted to the Central Bureau of Investigation (CBI) or to the Anti-Corruption Branch in the Union Territories in case of following allegations:

- (a) involving bribery, forgery;***
- (b) assets disproportionate to known source of income as an outcome of bribery;***
- (c) Cases in which truth cannot be ascertained without making inquiries from non-official persons; or those involving examination of non-Government records, books of accounts, etc.;***
- (d) Other cases of a complicated nature requiring expert police investigation.***

However, in cases where allegations relate to a misconduct other than a criminal offence, or to a departmental irregularity or negligence, and the alleged facts are capable of verification or inquiry within the Department / Office, the inquiry / investigation should be made departmentally.

In certain cases, the allegations may be of both types. In such cases, it should be decided in consultation with the Central Bureau of Investigation as to which of the allegations should be dealt with departmentally and which should be investigated by the Central Bureau of Investigation.

8. Engagement of third party

The agreements with third parties like agents or associates or business partner by whatever name they are called acting on behalf of the company as intermediaries must be fully documented applying Company's standard terms and conditions for appointment, which must include compliance with the Policy and strictly prohibit such intermediaries to offer or accept any

kind of bribe, gift, etc. on the Company's behalf. Fees or compensation paid to intermediaries must be commensurate to the services and responsibilities discharged by them and must be appropriate and justifiable and for the purpose of related business activities only. The intermediaries are required to maintain proper records and accounts for inspection and or audit in case of necessity.

The following points to be kept into consideration by any third party who intend to be engaged with company for any kind of business relation:

- (a) MIDHANI's confidential information, Intellectual Property rights, technology should be properly kept secret. The information which is not available in MIDHANI website/ public domain should be only used if it required for any business purpose for which third party is engaged.***
- (b) All business transactions are carried out in a transparent manner with proper back up documents.***
- (c) No unfair means even if it is not illegal are adopted to win any contractual rights for company.***
- (d) The information in the custody of the third party not to be used for inside trading.***
- (e) Offering of gifts and hospitality on behalf of company only to be done with prior approval of company commensurate with the occasion.***
- (f) Any kind of indirect benefits or any conflict of interest in any business dealing by business associates to be reported directly to Company for removing the conflict.***
- (g) The third party to ensure that workers employed in their company are complying with the prevailing act related to payment of minimum wages, ESI, PF, etc.***
- (h) No employees of their entities are subject to physical harassment or caste or gender discrimination.***
- (i) Minimum age, health, safety, sanitation aspects are taken care and as per govt. rules and regulations.***

9. Record-keeping

No expenditure should be made towards any items of gift, entertainment or hospitality without properly keeping its accounts which are subject to audit internally and externally. The expenditure should be supported properly by way of invoices and receipts and the necessary approval and financial concurrence justifying legitimate reason of such expenditure. Following key points to be addressed while maintaining books and records:

- (a) Expenses must not be hidden or purposefully misclassified.
- (b) Transactions to be recorded chronologically and supported by original documents.
- (c) There should be a comprehensive filing system.
- (d) There should be an audit trail of each transaction from origin to completion.
- (e) Initiating the transaction, the physical handling of goods and of cash, authorizing or receiving payments and recording the transaction in the books of accounts should be performed by different employees by way of segregation of duties.

10. Administration of Anti-Bribery policy

Vigilance Department under the guidance of Chief Vigilance Officer shall oversee the functioning of Anti-Bribery policy and shall have the right to periodically call for necessary reports from the company or any other person in relation to the Anti-Bribery policy. Vigilance Department shall place to Audit Committee status of incidence of bribery periodically as and when Audit Committee meeting takes place. In case there is nothing to refer to the Audit Committee, a “NIL” Report to be submitted. Any incidence of bribery noticed by any party to be reported to the Chief Vigilance Officer through the contact number and or mail-id of Chief Vigilance Officer (CVO) available in website of the company.

11. Monitoring and Review

The policy calls for continuous improvement of the policy. In this regard, Board of Directors of the company should periodically review the anti-

bribery policy's suitability, adequacy and effectiveness and thereafter implement improvements as appropriate, if any.

12. Training

Basic training on the anti-bribery policy should be given to all employees as part of wider training on the company's code of conduct. The training should aim at supporting the development of skills to avoid or resist demands or solicitation for bribery. In this way company can promote its commitment towards zero tolerance towards bribery.

The training can be imparted through various training methods including e-learning, external courses, seminars and conferences, vigilance awareness program, etc. The newly recruited employees to be given training on company's code of conduct, standing orders and Conduct, Appeal and Discipline rules. Tests to be conducted on knowledge thus acquired by these newly recruited employees.

13. Amendment in the policy

Any amendment which is felt necessary to incorporate in the policy shall only be done after necessary approval by Board of Directors.

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