



# **Policy for Anti-Bribery and Anti-Corruption**

Adoption Date and Effective Date : March 25, 2024



## **POLICY ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

### **PURPOSE**

This policy emphasizes Carborundum Universal Limited referred to as CUMI, zero tolerance approach to bribery and corruption. It establishes the principles with respect to applicable Anti-Bribery and Anti-Corruption laws.

The policy provides information and guidance on how to recognise and deal with bribery and corruption issues.

It guides us to act professionally, fairly and with utmost integrity in all our business dealings and relationships, wherever we operate

### **1.0 OBJECTIVE**

Carborundum Universal Limited ("CUMI") expects Employees to (1) maintain the highest ethical standards and (2) comply with all Applicable Laws and Regulations relating to prevention of bribery and corruption. The purpose of this Anti-Bribery and Anti-Corruption Policy ("Policy") is to ensure that our Company sets up adequate procedures to prevent our Company's involvement in any activity relating to bribery, facilitation payments, or corruption, even where the involvement may be unintentional.

CUMI's Anti-Bribery and Anti-Corruption Policy is designed to ensure that Employees comply with the most prominent anti-bribery and anti-corruption laws—specifically, (1) Prevention of Corruption Act 1988 (PCA), India and (2) other applicable laws relating to bribery and corruption such as (a) the U.S. Foreign Corrupt Practices Act ("FCPA"). (2) the U.K. Bribery Act of 2010 ("U.K. Bribery Act"), German Criminal Code, etc.

### **2.0 POLICY**

As discussed above, the Company is committed to operating in an ethical manner and complying with all Applicable Laws and Regulations prohibiting bribery and corruption. While some anti-bribery laws only prohibit paying Bribes to Government Officials there are laws that prohibit giving or receiving Commercial Bribes to or from non-government actors—*i.e.*, private individuals or companies.

Accordingly, to comply with all applicable anti-bribery and anti-corruption laws and regulations, CUMI prohibits Employees from:

- ❖ Offering, promising, paying, giving, authorizing, or facilitating (either directly or indirectly) any Bribe to a Government Official in connection with CUMI's business. and
- ❖ Offering, promising, paying, giving, authorizing, facilitating, requesting, or accepting (either directly or indirectly) any Commercial Bribe in connection with CUMI's business.

Also, no employee shall involve in any act for making or accepting a Commercial Bribe, even if not doing so (1) adversely affects CUMI's business and/or (2) results in the loss of potential new business opportunities.



In addition to the PCA, the following laws in India also presently apply to offences relating to or resulting in corruption and bribery and resolutions available in case of occurrence of corruption or bribery:

- ❖ Indian Penal Code, 1860 ("IPC").
- ❖ Prevention of Money Laundering, 2002.
- ❖ Central Vigilance Commission Act, 2003.
- ❖ Lok Ayukta Acts of various states.

The guidelines in this Policy should be read in conjunction with:

- i. CUMI's Code of Conduct;
- ii. The Whistle-blower Policy;
- iii. Any guidance published pursuant to this Policy;
- iv. Any other relevant policies as may be implemented from time to time.

**Definitions:** While we have defined certain terms, please note that this is an indicative definition and the actions need to be guided by the principle of this policy.

i. Bribery is:

a) The offer, promise or receipt of any gift, hospitality, loan, fee, reward or other advantage to induce or reward behaviour which is dishonest, illegal or a breach of trust, duty, good faith or impartiality in the performance of a person's functions or activities (including but not limited to, a person's public functions, activities in their employment or otherwise in connection with a business); (or)

b) The offer or promise of any gift, hospitality, loan, fee, reward or other advantage to a public official with the intention of influencing the public official in the performance of their public function, to obtain a business advantage.

c) Bribery includes not only direct payments, but also authorising or permitting an associate or third party to commit any of the acts or take any part in the actions identified in (a) and (b) above.

ii. Corruption: Includes wrongdoing on the part of the authority or those in a position to exercise power of doing or not doing an act through means that are illegitimate, immoral, inappropriate or incompatible with ethical standards. Corruption often results from patronage and is associated with bribery.

iii. Gifts: A gift is anything of value and would encompass any gratuitous monetary or non-monetary benefit. It includes tangible items such as cash, precious metals, stones, jewellery, art, and any of their equivalents, but also intangible items such as discounts, services, loans, favours, special privileges, advantages, benefits and rights that are not available to the general public.



A "gift" also includes meals, entertainment, hospitality, vacations, trips, use of vacation homes, tickets to sporting or music events, outings, vendor familiarization trips, and use of recreational facilities unless otherwise specified in the code of conduct of the Company.

- iv. Facilitation payments: Typically small, unofficial payments made to secure or expedite a routine action by an official. Kickbacks are typically payments made in return for a business favour or advantage.
- v. Third Party: Means any individual or organisation that an associate may come into contact with during the course of his/her engagement with the Company, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, business associates and government, non-government organizations and public bodies including their advisors, representatives and officials, politicians and political parties.
- vi. "Appropriate officer" shall include the reporting manager or Head of Human Resources (HR) or Compliance Officer or any other officer as defined from time to time.
- vii. "Employee" shall include all permanent, probationary, temporary or fixed term contractual employees directly engaged by the Company irrespective of their function, level or standing.
- viii. "Policy" means Anti-Bribery & Anti-Corruption Policy

### 3.0 INDICES OF CORRUPTION

Certain facts or circumstances may arise that signal a potential violation of this Policy. All employees should be alert to the following non-exhaustive list of (1) high-risk transactions and (2) other circumstances raising "red flags" or bearing other potential indicators of corruption and bribery:

- ❖ Payments to Government agencies, Government/Semi /Quazi Government officials, etc.
- ❖ Payments from CUMI to a Customer or Third-Party that is greater than normal or customary for a particular good, service, or transaction.
- ❖ Requests by Customers or Third-Party outside the normal scope of the relationship, transaction, or applicable Contract (e.g., a request from a Third-Party Agent that CUMI pay another, unrelated Party for the Third-Party Agent's services, or that CUMI pay the Third-Party Agent in cash).
- ❖ Invoices from Customers or Third-Party lacking sufficient detail regarding the products or services that they provided to CUMI.
- ❖ Invoices from Customers or Third-Party lacking supporting documentation such as receipts for (1) the products or services provided to CUMI; and/or (2) any fees and costs incurred in connection with the provision of such products and services.
- ❖ Invoices from Customers or Third-Party containing any discrepancy between services rendered or goods provided and prices charged.
- ❖ Unusual invoices from any Third-Party such as non-itemized or non-industry standard invoices.
- ❖ Unusual extensions of credit issued by CUMI to new Customers and



- ❖ Use (or requested usage) by Customers or Third-Party of consultants or other parties who lack the qualifications and credentials to perform the required services or provide the required goods.
- ❖ Any potential partner who provides guarantees of success or claims to have the ability to obtain licenses or other government approval without providing a description of a legitimate manner by which those goals will be accomplished.
- ❖ A potential counterparty who refuses to accept an anti-bribery or anti money laundering clause in the proposed contract.

#### **4.0 IMPLEMENTATION OF POLICY**

As summarized above, CUMI prohibits all employees from participating in Bribes or Commercial Bribes.

If you are uncertain whether a particular circumstance would be prohibited by this Policy, you should immediately consult the Appropriate Officer

#### **❖ Do Not Provide Anything of Value to Government Officials in Connection with CUMI's Business**

Employees may not pay, offer, authorize, or promise to pay money or give anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised (directly or indirectly) to a Government Official to (1) influence that Government Official in his or her official capacity; (2) induce that Government Official to do or omit to do an act in violation of his or her lawful duty; or (3) to secure any advantage that would not otherwise be conferred, in order to assist a person in conducting, obtaining, or retaining business.

Additionally, employees should not designate a family member, close friend, or other person to facilitate a Bribe to a Government Official in connection with CUMI's business.

If a Government Official requests a Bribe from an employee, the employee shall refuse and immediately report the incident to the appropriate Officer, or to the anonymous tip hotline, if any. The Officer will maintain records documenting (1) the request for a Bribe; (2) the circumstances under which the request was received; (3) the employee's response to the request for the Bribe; and (4) the Company's response to the request for the Bribe. The Officer will also determine whether CUMI must report the request for the Bribe to the relevant authorities.

#### **❖ Do Not Provide or Accept Anything of Value from Private Individuals or Companies in Connection with CUMI's Business**

Employee may not pay, offer, authorize, or promise to pay/give money or anything of value to another Person in order to secure an advantage to CUMI that would not otherwise be conferred in the regular course of business, including by (1) influencing that Person to breach an expectation that that person will act in good faith, impartially, or in accordance with a position of trust; or (2) inducing that Person to do or omit to do an act in violation of his or her professional obligations (e.g., a CUMI employee should not pay an employee at another company to provide with the other company's proprietary commercial information in order for CUMI to use that information for its own business).



In addition, employees may not receive, request, or agree to accept money or anything of value from another person conferred in order to provide an advantage to the other Person that would not otherwise be conferred in the regular course of business, including by (1) breaching an expectation to act in good faith, impartially, or in accordance with a position of trust; or (2) omitting to do an act in violation of professional obligations (e.g., CUMI should not agree to hire another company to perform services for CUMI on the condition that the other company provide CUMI with a percentage of the money the other company receives as payment for the services rendered—i.e., a “kick-back” or clandestine commission).

Additionally, employees shall not designate a family member, close friend, or other person to provide or accept a Commercial Bribe in connection with CUMI’s business. If an employee inadvertently receives a Commercial Bribe, the employee should refuse to accept it. If acceptance is unavoidable (e.g., a gift is sent in the mail), the employee should provide it to the appropriate CUMI Officer/COMPANY.

All dealings with suppliers, agents, contractors, service providers, intermediaries, consultants, and advisors, shall be carried out with the highest standards of integrity and in compliance with all relevant laws and regulations. CUMI expect all our third parties to share our values and our ethical standards.

Our Company may be held responsible for bribes paid on its behalf by third parties, with severe and often irreparable consequences, even if our Company did not authorize these payments. Therefore, it is critical that we are careful in the selection of agents, that is, those people or companies who act on our behalf.

#### ❖ **SPONSORSHIPS**

Sponsorships are closely allied to the various types of community / business activities undertaken by our Company. These could range from sponsoring educational scholarships to local sports teams. Any sponsorship must be for genuine business or charitable objectives without any element of quid pro quo. Any such sponsorship must be transparent, duly approved, properly documented and duly reported as per our Company’s policy/ CSR Policy.

#### ❖ **GIFTS, ENTERTAINMENT AND HOSPITALITY**

Gifts, entertainment, and hospitality may be acceptable if they are reasonable, proportionate, made in good faith and in compliance with the Company’s policies including Company’s code of conduct. But offering gifts in order to win or keep business is unethical and, in many cases, illegal. If you find it difficult to provide a comfortable answer to questions on appropriateness of a gift, or if you are unsure if you should accept something of value, each Designated Person must ask the Compliance Officer.

#### **Responsibility & Reporting:**

As part of collective responsibility, all stakeholders such as Board of Directors, Members of Senior Management and all employees shall be responsible for enforcement and compliance with this policy.

- All employees must ensure that they have read, understood and will comply with this policy.
- Employees are required to avoid any activity that might lead to or suggest a breach of this policy.



Employees may raise concerns through Appropriate Officer or through the Whistle Blower mechanism as soon as possible if they believe or suspect that a breach of or conflict with this policy has occurred or may occur in future.

**Investigation:**

- i. Enquiry or investigation of the reported concern for potential violation of this Policy shall be conducted by or with oversight of the Appropriate Officer. The objective of such enquiry or investigation would be to determine the facts.
- ii. All investigations shall follow principles of natural justice and shall ensure that the relevant CUMI Personnel are provided with an opportunity to make their case before the investigation team.
- iii. Experts with the right knowledge and skills may be appointed to investigate the reported concern.

**5.0 BREACH OF POLICY PRINCIPLES**

Any violation of the principles set forth in this policy by any Employee may have significant consequences for the Employee including potential prosecution, fines and other penalties for improper conduct, as well as imprisonment and/or disciplinary action up to and including termination.

**6.0 PERIODIC REVIEW AND EVALUATION**

- i. Company will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness.
- ii. Our Company reserves the right to vary and/or amend the terms of this Policy from time to time.