

# SONA BLW PRECISION FORGINGS LIMITED - ANTI-CORRUPTION COMPLIANCE POLICY

## I. Introduction

Sona BLW Precision Forgings Limited (the “Company”) is committed to conducting all aspects of its business in keeping with the highest legal and ethical standards and expects all employees and other persons acting on its behalf to uphold this commitment. In accordance with this commitment, the Company has adopted this Anti-Corruption Compliance Policy (the “Policy”), which is applicable to all directors, officers, employees, agents, representatives and other associated persons of the Company (collectively “Company Personnel”).

In brief, the Company will not tolerate bribery, kickbacks, or corruption of any kind, directly or through third parties, whether or not explicitly prohibited by this Policy or by law. Company Personnel are not permitted to give or offer anything of value (including gifts, hospitality, or entertainment) to anyone for the purpose of improperly obtaining or retaining a business advantage. Similarly, Company Personnel may not solicit or accept such improper payments.

This Policy and the internal controls herein have been designed to prevent bribery from occurring, avoid the appearance of wrongdoing and enable Company to respond promptly and effectively to any inquiries about its conduct. Company employees who violate this Policy may be subject to disciplinary action, up to and including termination. The pages that follow provide a general guide to anti-corruption compliance but do not address every potential scenario that may implicate issues bearing on compliance with this Policy. Therefore, any Company Personnel who have any questions concerning the requirements of this Policy should consult with the Vice President (Legal) & Company Secretary of the Company (presently Mr. Raajesh Kumar Gupta).

## II. Our Policy

### A. **Company Personnel shall not be permitted to pay or receive bribes.**

Company Personnel must conduct their activities in full compliance with this Policy and any applicable anti-corruption laws, including the Indian Penal Code, the Indian Prevention of Corruption Act, 1988, the Indian Companies Act, 2013, the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), the UK Bribery Act, 2010, the applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the U.S. Money Laundering Control Act of 1986, as amended, the Indian Prevention of Money

Laundering Act, 2002, and any anti-corruption laws in effect in the jurisdictions where the Company conducts business.

Under this Policy, Company Personnel are not permitted to give or offer anything of value, directly or indirectly, to any Government Official<sup>1</sup> or any commercial party for the purpose of improperly obtaining or retaining a business advantage. "Anything of value" should be broadly interpreted to include cash, gifts to family members, forgiveness of a debt, loans, personal favors, entertainment, meals and travel, political and charitable contributions, business opportunities and medical care, among other items. Simply put, bribes, kickbacks or similar payments are never permitted, whether made to a Government Official or to customers, investors, clients or other private parties. Similarly, Company Personnel shall not be permitted to solicit or accept such payments.

If confronted with a request or demand for an improper payment or other violation of this Policy, the request or demand must be immediately rejected and reported to the Chief Operating Officer (presently Mr. Ranganathan Balaji) and Vice President (Legal) & Company Secretary (presently Mr. Raajesh Kumar Gupta) of the Company. Similarly, if any employee or agent knows or believes that an improper payment has been or will be made, the employee or agent must also report such payment to the Chief Operating Officer and Vice President (Legal) & Company Secretary of the Company. The Company's policy is that no adverse employment action will be taken against any personnel in retaliation for, honestly and in good faith, reporting a violation or suspected violation of anti-corruption laws or this Policy.

## **B. Gifts, Meals, Entertainment and Employment**

This Policy sets forth various rules relating to gifts, entertainment, travel, meals, lodging and employment. All such expenditures must be recorded accurately in the books and records of the Company, in accordance with Section IV below.

### **1. Gifts**

As a general matter, the Company prohibits the provision of gifts. However, the polite and customary conduct of business may require that Company Personnel give modest gifts to counterparts as a token or courtesy.

Therefore, Company Personnel may provide token gifts of modest value if 1) the gift does not involve cash 2) the gift is permitted under both local law and the

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<sup>1</sup> The term "Government Official" includes all officers or employees of a government department, agency or instrumentality; permitting agencies; customs officials; candidates for political office; and officials of public international organizations (e.g., the Red Cross). This term also includes government-owned or controlled commercial enterprises such as state-owned or controlled universities, airlines, oil companies, health care facilities, or other vendors.

guidelines of the recipient's employer; 3) the gift is presented openly with complete transparency; 4) the gift is properly recorded in the Company's books and records; and 5) the gift is provided as a token of esteem, courtesy or in return for hospitality, and comports with local custom.

## **2. Entertainment and Hospitality**

Entertainment and hospitality involving government officials and customers may be appropriate in certain circumstances. The Company permits entertainment if the applicable expenses (1) are related to the promotion of the Company's products or services or to the execution or performance of its contract with a customer; (2) are permitted under local law; (3) are customary under local business practices; (4) are reasonable under the circumstances and not lavish or extravagant; and (5) avoid the appearance of impropriety.

When possible, business entertainment payments should be made directly by the Company to the provider of the service, and should not be paid directly to a Government Official or other party as a reimbursement.

All business entertainment expenses, regardless of amount or attendees, should be properly documented in an expense report. Such expense report shall enumerate the attendees, including the name of each attendee and his or her title and place of employment, and provide a detailed business purpose for the entertainment.

Please note that in addition to traditional gifts, both hospitality and entertainment that are provided to business relationships where the Company professionals are not in attendance, and instances where the Company pays for travel related expenses for a Government Official, shall be considered gifts, and subject to the rules and requirements for gifts specified in this Policy.

## **3. Travel and Lodging**

Reasonable and bona fide travel expenditures paid on behalf of Government Officials or customers may be permissible in certain circumstances. Permissible payments may cover the costs of travel for an official or customer to visit the Company's offices and discuss the Company's qualifications for projects within the official's responsibility or travel in connection with a project status review. Travel expenses shall not be extravagant or lavish, and may include (1) airfare; (2) lodging cost; and (3) ground transportation costs during the trip. Payment of cash per diems, expenses unrelated to legitimate business activities, and expenses that benefit a friend or family member of a Government Official are prohibited.

Direct reimbursements should also be avoided. Rather, reimbursements should be made to the Government Entity<sup>2</sup> or business entity that employs the expense recipient. Payments directly to the expense recipient (of a per diem allowance, expense reimbursement, or for any other purpose) require specific written approval of the Group CEO of the Company (presently Mr. Vivek Vikram Singh) in all cases.

#### **4. Employment/Internships**

On occasion, Government Officials or the Company's business partners may request that the Company provide internships or employment to certain individuals. Offering internships or employment to Government Officials or the Company's business partners may be viewed as providing an item of value.

This Policy sets forth guidance for handling such requests from Government Officials or the Company's business partners. If a candidate is interviewed for an internship or employment within the ordinary course of filling a position, the Chief Operating Officer must be notified of the candidate's relationship to a Government Official or the Company's business partner. If a candidate related to a Government Official or the Company's business partner is interviewed outside of the ordinary course of filling a position, any internship or employment offer must be pre-approved by the Group CEO of the Company.

#### **C. Political Contributions and Charitable Donations**

Company Personnel may not make political or charitable donations, whether in their own name or in the name of the Company, to obtain or retain business or to gain an improper business advantage. Any political or charitable contributions by the Company must be permitted under the law, permissible pursuant to the terms of this Policy, made to a bona fide organization, and (in the case of political contributions or charitable contributions connected to any Government Official or Government Entity) made with the prior approval of the Company's Group CEO. In certain instances where there is heightened risk of corruption, the Company's Group CEO may require diligence to be conducted. The Group CEO of the Company must be notified if a Government Official solicits a political or charitable contribution in connection with any government action related to the Company or its affiliates. Individual employees or agents may not make political contributions on behalf of the Company or its affiliates.

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<sup>2</sup> "Government Entity" means any nation or government or any province, state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange.

### **III. Relationships with Third Parties**

Anti-corruption laws prohibit indirect payments made through a third party, including giving anything of value to a third party while knowing that value will be given to a Government Official for an improper purpose. Third parties can include, but are not limited to, consultants, vendors, agents, or any other individual or entity working on behalf of the Company. Company Personnel should avoid situations involving third parties that might lead to a violation of this Policy.

The Company employees who deal with third parties are responsible for taking reasonable precautions to ensure that the third parties conduct business ethically and comply with this Policy. Such precautions may include conducting a risk-based due diligence review of a third party, inserting appropriate anti-corruption compliance provisions in the third party's written contract, requiring the third party to certify that it has not violated and will not violate this Policy and any applicable anti-corruption laws during the course of its business with the Company, and monitoring the reasonableness and legitimacy of the services provided by and the compensation paid to the third party during the engagement. Company Personnel should pay particular attention and closely monitor high-risk third parties whose engagement may involve interactions with Government Officials, including for purposes of obtaining permits, clearances, authorizations, or similar approvals or review by a governmental authority or agency. Any doubts regarding the scope of appropriate due diligence efforts in this regard should be resolved by contacting the Vice President (Legal) & Company Secretary.

### **IV. Recordkeeping and Internal Controls**

This Policy requires that all expenditures made by the Company are accurately reflected in the Company's financial records and that all payments made with Company funds, or on behalf of the Company, have been properly authorized. Company Personnel must follow all applicable standards, principles, laws and practices for accounting and financial reporting. Company Personnel must be on time and complete when preparing all reports and records required by management. In particular, Company Personnel should ensure that no part of any payment is to be made for any purpose other than that to be fully and accurately described in the Company's books and records. Company Personnel should use best efforts to ensure that all transactions, dispositions, and payments involving Company funds or assets are properly and accurately recorded in the Company's financial records. No undisclosed or unrecorded accounts are to be established for any purpose. False or artificial entries are not to be made in the Company's books and records for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy.

The Vice President (Legal) & Company Secretary of the Company is primarily responsible for the oversight and enforcement of this Policy. The Company will conduct periodic audits of its books and records to monitor compliance with this Policy.

## **V. Training**

As part of the Company's ongoing commitment to anti-corruption compliance, all employees must receive and review a copy of this Policy. All such employees must then certify in writing that they (1) have reviewed the Policy; (2) agree to abide by the Policy; and (3) agree to report any potential violations of the Policy.

In addition, the Company will offer regular anti-corruption compliance training programs, at least annually, to educate employees about the requirements and obligations of anti-corruption laws and this Policy. All employees of the Company must participate in such training and the Vice President (Legal) & Company Secretary of the Company must retain attendance records establishing compliance with this requirement.

## **VI. Reporting Requirements and Whistleblower Protection**

The Company takes its commitment to anti-corruption compliance very seriously and expects all Company Personnel to share that commitment. The Company therefore expects and requires that any Company Personnel who have knowledge of, or reason to suspect, any violation of this Policy contact the Vice President (Legal) & Company Secretary of the Company immediately. Reports may be made anonymously. If any Company Personnel fails to report known or suspected violations, then the relevant Company Personnel may be subject to disciplinary action, up to and including termination.

It is the Company's policy that, if the report of known or suspected violations is made honestly and in good faith, no adverse employment-related action will be taken against any Company Personnel in retaliation for reporting a violation or suspected violation of anti-corruption laws or this Policy.

All questions regarding this Policy should be directed to [the Vice President (Legal) & Company Secretary of the Company].

**ADOPTED: \_\_\_\_ \_\_, 2019**

## EMPLOYEE ANTI-CORRUPTION POLICY CERTIFICATIONS

This is to acknowledge that I have received, read and fully understood the Company's Anti-Corruption Compliance Policy (the "Policy"). I agree to comply with all the rules contained therein. I agree to report any potential violations to Mr. Raajesh Kumar Gupta, Vice President (Legal) & Company Secretary. I will participate in the Company's anti-corruption training on a periodic basis. I understand that failure to comply with the Policy, and all applicable anti-corruption laws in countries where the Company does business may result in immediate termination and prosecution, with penalties including fines and/or imprisonment. Should I have any questions regarding the Policy or find any deviations or violations, I will contact Mr. Raajesh Kumar Gupta, Vice President (Legal) & Company Secretary

Signature: \_\_\_\_\_

Name (print): \_\_\_\_\_

Company: \_\_\_\_\_

Department: \_\_\_\_\_

Date: \_\_\_\_\_

(The signed receipt must be returned to the HR Department and filed in the employee's personnel file.)