

PRIVILEGE INDUSTRIES LIMITED

ANTI-CORRUPTION POLICY

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INTRODUCTION AND PURPOSE:

Privilege Industries Limited ("**the Company**") is committed to full compliance with all applicable laws relating to improper payments to public officials or other persons such as contractors, suppliers, or the employees and agents of such persons.

The purpose of this Anti-Corruption Policy ("**the Policy**") is to provide guidance to ensure that any and all persons acting on behalf of the Company conduct business in an honest and ethical manner, reflecting the highest standards of integrity.

APPLICATION:

The Company is committed to adhere to the highest standards of honest, ethical, moral and legal conduct of business operations. This Policy applies to all directors, officers and employees ("**Personnel**") of the Company. The third party representatives are strictly prohibited from, either directly or indirectly accepting, giving, offering, promising or authorising any financial or other advantage or anything of value, to a public official or any other individual or organization.

Any agents or representatives who transact business or on behalf of the Company shall be given a copy of and shall abide by this Policy.

Any contractors engaged by the Company may be required, at the discretion of the Officer In-charge and as a condition of their engagement, to sign an acknowledgement in a form approved by the Officer In-charge. This acknowledgement shall indicate that the contractor has been made aware of and will comply with this Policy in relation to their work on behalf of the Company. Alternatively, anti-corruption provisions approved by the Officer In-charge shall be included in the contract executed with the contractor.

What Does 'Anti-Corruption' Mean?

Corruption can take place in many types of activities. It usually is designed to obtain or provide financial benefits or other personal gain. For example, bribes are intended to influence behavior – they could be in the form of money, a privilege, an object of value, an advantage, or merely a promise to influence a person in an official or public capacity. Usually, two people are involved and both will benefit.

Examples of a bribe include:

- Offer or receipt of cash in the form of a kickback, loan, fee or reward
- Giving of aid, donations or voting designed to exert improper influence

No person subject to this policy will suffer adverse consequences for refusing to offer, promise, pay, give, or authorize an improper or unlawful payment, benefit, advantage or reward, even if doing so results in the loss of business opportunities for the Company.

“Public Official” means officers and employees of the following, regardless of seniority:

- Legislative bodies (e.g.: House of the People i.e. Lok Sabha, Council of State i.e. Rajya Sabha, State Assemblies, Councils etc.);
- Judicial bodies (e.g.: judges, clerks etc.);
- Government- owned or controlled companies;
- Local, regional, national, or other governmental entity (e.g.: local administrative bodies, local tax authorities, police, firemen etc.);
- Public national/international organizations;
- Charitable organizations;

It also includes relatives of public officials, political parties, party officials, elected government officials, and candidates for public office, and any private person acting in an official capacity for or on behalf of any of the persons or entities listed above.

“Commercial Party” means the party who has agreed to execute the terms of agreement to give something in exchange and have legal capacity to enter into a contract and includes potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

COMMUNICATION OF THE POLICY:

Copies of this Policy will be made available to Personnel either directly, or by posting of the Policy on the Company's website. All Personnel will be informed whenever significant changes are made to this Policy.

COMPLIANCE:

The Officer In-charge shall be responsible for the implementation, monitoring and enforcement of this Policy. The Officer In-charge shall have the authority to introduce operating procedures or guidelines as required. The Officer In-charge will provide an annual written report to the Board of Directors (**“the Board”**) with respect to the implementation of the Policy, including summary of approvals requested, obtained or denied under the Policy.

ANNUAL CERTIFICATION:

All directors and officers of the Company, together with any employees, contractors and consultants as determined by the Officer In-charge, will be required to annually certify their compliance with this Policy. The Officer In-charge will be responsible for ensuring that all annual certifications are obtained on or before the end of the financial year and for providing written confirmation to the Board that such certifications have been obtained and summarising the results thereof.

PREVENTION OF IMPROPER PAYMENTS:

These prohibitions should be interpreted broadly:

1. **Bribes:** directly or indirectly, pay or offer to pay a bribe to any person or accepting or accept any offer to be bribed by any person. In particular, it is prohibited to receive or give anything of value to a public official, or to any person on behalf of a public official, in order to receive an advantage in the course of business.

A mere offer or promise or any acceptance to pay/receive a bribe is also prohibited and will be treated under this Policy with equal severity as an actual bribe.

It is also prohibited to use the services of a third party (e.g. an agent or representative) to bribe a public official indirectly, or to pay, offer or promise or acceptance to pay/ receive anything of value to/by a third party to accomplish the same purpose.

2. **Kickbacks:** kickback any portion of a contract payment to employees of another contracting party or utilize other techniques, such as subcontracts, purchase orders or consulting agreements, to channel any payment to any public official, to employees of another contracting party or to any of their respective relatives or business associates.
3. **Extortion:** directly or indirectly demand or accept a bribe.
4. **Gifts, Entertainment and Hospitality:** Gifts, entertainment and hospitality are not acceptable if they are unreasonable, disproportionate according to the Company policies. Examples of gifts, entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude.

Gifts of cash or of cash-equivalents (such as gift cards or certificates) are always prohibited.

The purpose of reasonable gifts, meals, entertainment provided by the Company (e.g.: tickets for matches and concerts) is to facilitate business communications and foster better business relations. Prior written approval of the Officer In-charge is required before providing any entertainment to a Public Official.

Offering and Accepting of Gifts, Entertainment and Hospitality:

The permitted limits have been mentioned below to enable the Company's officials to facilitate business communications and foster better business relations with the outer parties:

LIMITS AND THRESHOLDS FOR OFFERING HOSPITALITY		
Recipient	Limits	Compliance required
Commercial Party	Rs. 10,000/- per Guest per occasion AND No more than two invitations for the same person within the prior 12 months AND No spouse or guest sponsored by the Company.	<ul style="list-style-type: none"> • Pre-approval by Officer In-charge always required for gifts, meals entertainment, travel valued at < Rs. 10,000/- per Guest per occasion. • All supporting documentation should be kept in line with the applicable record retention requirements.
Public Official	Rs. 10,000/- per Official per occasion AND No more than two invitations for the same person within the prior 12 months AND No spouse or guest sponsored by the Company.	<ul style="list-style-type: none"> • Pre-approval by Officer In-charge always required for gifts, meals entertainment, travel valued at < Rs. 10,000/- per Official per occasion. • All supporting documentation should be kept in line with the applicable record retention requirements.

The Directors and employees are not allowed to accept anything of value including gifts (even small gifts or gratuities), entertainment, travel or meals from an actual or potential supplier, customer, public official or other third party. If they receive a gift in these circumstances, it should be turned over to the Company to be auctioned or donated.

Business-related conferences and networking events, including incidental meals and refreshments, are permitted.

Travel, entertainment and meals should not be paid for by a third party, rather employees should pay for their own expenses and seek reimbursement according to the Company's administration policy.

ACCEPTANCE OF HOSPITALITY OFFERED TO THE COMPANY'S OFFICIALS		
Recipient	Limits	Compliance required
Gifts	Acceptance of gifts is not allowed.	Gift received must be turned over to the Company to be auctioned or donated.
Meals	Acceptance of meals is not allowed.	Except incidental meals and refreshments in the context of business conferences and networking events.
Entertainment	Acceptance of entertainment is not allowed.	Unless the employee or the Company pays for it.
Travel	Acceptance of travel is not allowed.	-

5. **Travel Expenses:** Travel expenses, including food and accommodation, will be approved only if they are directly related to the promotion of Company products or the execution of a contract.

In addition, the Company may only pay for travel or related expenses for a Public Official or Commercial Party if:

- the travel is for a legitimate business purpose;
- the cost is reasonable given the recipient's seniority;
- no friends and family members of the recipient are traveling at the Company's expense;
- no stopovers are planned that are not directly connected to the business purpose of the travel, unless the stopover is at the expense of the Public Official and results in no additional cost to the Company.

All travel or related expenses that are incurred for or on behalf of a Public Official or Commercial Party must be requested in writing and approved in advance by the Officer In-charge.

6. **Social Contribution Payments:** Certain agreements may require the Company to make payments to assist with the development of a particular country. These payments may be charitable donations, training obligations, or social contribution payments. The Company may also wish to make development-related payments outside of a contractual obligation.

7. **Corruption**: The misuse of a public office or power for private gain or the misuse of private power in relation to business outside the realm of government.
8. **Intermediaries**: The Company regularly engages distributors, marketing agencies, third party representatives, consultants, agents, freight forwarders and other business partners as “intermediaries.” No payment may be made or promised to an intermediary except in exchange for legitimate goods or services.

Any such payment must be in an amount that is not greater than the fair market value of the legitimate goods or services received. Before hiring any intermediary, you must first consult with the Officer In-charge to determine whether the intermediary is genuine one. Intermediaries are expected to comply with applicable laws and to maintain the highest ethical standards of business conduct.

9. **Facilitation payments**: Small sums paid to government officials to facilitate or expedite routing. Non-discretionary government actions are considered facilitation payment. Facilitating payments are unlawful in most countries and are strictly prohibited under this Policy.
10. **Charitable Contributions**: Company charitable donations made at the request of a Public Official or a government agency (“Government-Related Donations”) must be approved by the Officer In-charge. If a Public Official has promised any benefit or issued any threat in connection with a donation request, then the request must be denied.

- not be made as part of an exchange of favors with a Public Official;
- not be paid in cash;
- not be paid to a private account or individual;
- not to a for profit organisation;
- not amount to a political contribution; and
- be transparent regarding the identity of the recipient, the amount, and the purpose for which it is intended.

All donations must be accurately recorded in the Company’s books and records. The expenses must be booked in the under the expense head “Charitable Donations”.

11. **Political Contributions**: no direct or indirect political contribution may be made on behalf of the Company or with the Company’s funds unless authorised by the Board of Directors, through the Audit Committee. These restrictions apply not only to cash donations, but also to donations in kind, such as free beer, offering a client list for a political purpose, providing materials or services, taking a table at a political fundraising event, or paying for a research project. All contributions must be accurately recorded in the Company’s books and records. The expenses must be booked in the under the expense head “Political Contributions”.

ACCOUNTING & RECORD KEEPING:

Neither the Company nor any of the directors, officers, employees, consultants or contractors shall establish or maintain accounts that do not appear in any required books and records.

Employees must help to ensure that corporate books and records accurately and fairly reflect all transactions in reasonable detail. Accordingly, all transactions should be recorded and managed in accordance with the Company's existing accounting policy, which are as follows:

- Employee shall not knowingly use false documents;
- He shall not undisclosed or unrecorded fund or asset may be established or maintained for any purpose;
- Establish or maintain accounts that should appear in any required books and records.
- Have a direct business purpose attached;
- Be executed in accordance with management's authorisation;
- Be recorded in a manner that permits the preparation of financial statements in accordance with applicable international accounting standards;
- Be in compliance with the applicable tax legislation;
- Maintain accountability of assets;
- All employees must respond fully and truthfully to any questions from the Company's internal or external auditors or the auditors of any regulatory authority.

REPORTING OBLIGATION:

1. **Solicitation of Improper Payments:** Any demand, request, suggestion, expectation, or invitation ("**solicitation**") by a public official or any other person for any payment of money or anything of value shall be promptly reported by Personnel to the Officer In-charge.
2. **Knowledge or Suspicion of Bribery:** All Personnel are required to report to the Officer In-charge any information that comes to their attention in relation to any actual or suspected improper payments made/ accepted, offered, or promised by anyone on behalf of the Company. The procedure for reporting a disclosure of such complaints has been provided in details in the Company's Whistleblower Policy. Personnel who raise genuine concerns will not be subject to any retribution or disciplinary action.

CONSEQUENCES OF NON-COMPLIANCE:

Bribery is a criminal offense. The Company takes corruption and bribery very seriously. Failure to comply with this Policy may result in severe consequences, including internal disciplinary action or termination of any employment, consulting or similar arrangement without notice and for cause.

In addition, a violation of this Policy may constitute a criminal offence and may expose the Company and/or Personnel to fines and/or imprisonment.

All reports of non-compliance with the Anti-Corruption provisions will be reviewed as a priority. To ensure that we can fully investigate any concerns, please provide as detailed an account as possible including any supporting evidence.

The Officer In-charge shall report to the Management periodically about all protected disclosures referred to them together with the results of investigations.

Once a matter has been investigated, it is reviewed by the Board of the Management with the assistance of Officer In-charge and may be reported to the Company's Audit Committee. The outcome of an investigation can range from no further action being taken (e.g., where allegations are not substantiated) to formal disciplinary action against an employee, up to and including termination of employment.

REVIEW:

The Board will review and evaluate this Policy on an annual basis to determine whether this Policy is effective in ensuring compliance by the Company, its directors, officers and other employees, consultants and contractors with the Act.

QUERIES:

If you have any questions about how this Policy should be followed in a particular case, please contact the Officer In-charge.

The contact details of the Officer In-charge are as under:

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