



# **Anti-Corruption, Anti-Bribery and Anti-Money Laundering Policy**

Laxmi Organic Industries Limited



## A. Introduction & Policy Scope:

Laxmi Organic Industries Limited (LOIL) committed to act in a fairly and ethical manner in all our business operations. This includes compliance with applicable laws, prohibiting improper payments, gifts or inducement, money laundering and fraud of any kind or form from any person.

The purpose of the Anti-Corruption, Anti-Bribery, Anti-Money Laundering Policy is to ensure that the Company sets up adequate procedures to prevent involvement in any activity related to bribery, facilitation payments, corruption or money laundering even where the involvement may be unintentional.

The guidelines in this policy will be read in conjunction with:

- The Whistleblower Policy
- Code of Conduct
- Speak up Policy
- Any other relevant policy as may be implemented from time to time

### Applicability:

This Policy is applicable to the Company and all individuals working at all levels and grades, including directors, senior management, officers, other employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, interns, casual workers, or any other person associated with the Company.

This Policy is also applicable to any individual or organisation that an employee 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, government, non-government organizations and public bodies including their advisors, representatives and officials, politicians and political parties.

The Policy is drafted to include relevant provisions of the following Indian regulations:

- Prevention of Corruption Act 1988 amended in 2018
- Prevention of Money Laundering Act 2002
- The Companies Act, 2013

## B. ANTI-BRIBERY & ANTI-CORRUPTION

Bribery is:

- An 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



- An 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.
- Bribery will include not only direct payments, but also authorising or permitting an employee or third party to commit any of the acts or take any part in the above actions. A non-exhaustive list of unacceptable behaviour is set out below:
  - give, promise to give, or offer, a payment, gift or hospitality to secure or award an improper business advantage;
  - give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to facilitate, expedite, or reward any action or procedure;
  - accept payment from a third party knowing or suspecting it is offered with the expectation that it will obtain a business advantage for them;
  - induce another individual or employee to indulge in any of the acts prohibited in this policy;
  - threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns under this policy;
  - give or accept any gift where such gift is or could reasonably be perceived to be a contravention of this policy and / or applicable law; or
  - engage in any activity that might lead to a breach of this policy

## C. FACILITATION PAYMENTS AND KICKBACKS

The Company will prohibit making or accepting, facilitation payments or kickbacks of any kind. Facilitation payments are typically 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.

All employees will avoid any activity that might lead to a facilitation payment or kickback being made or accepted. If the person is asked to make a payment on behalf of the Company, that must consider the purpose of the payment and whether the amount requested is proportionate to the goods or services provided. Any request for a facilitation payment should be refused unless the person feels at risk of injury, of detention, or for the life, if refuse. If one of these exceptions applies, a receipt should be obtained and the matter reported, as soon as possible, to the designated person.

Bribe takers, bribe givers, bribe abettors etc will be subjected to fines and/or imprisonment under the Prevention of Corruption Act 1988. While an exhaustive list cannot be provided, set out below are indicative actions or situations or parties may be “Red Flags”:

- a) Being aware that a third party engages in, or has been accused of engaging in, improper business practices;
- b) Learning that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;



- c) A third party insists on receiving a commission or fee payment before committing to sign up to a contract with the Company, or carrying out a government function or process for the Company;
- d) A third-party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- e) A third-party request that payment is made to a country or geographic location different from where the third party resides or conducts business;
- f) A third party requests an unexpected additional fee or commission to "facilitate" a service;
- g) A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h) A third-party request that a payment is made to "overlook" potential legal violations;
- i) A third-party request that the Company provides employment or some other advantage to a friend or relative;
- j) Received an invoice from a third party that appears to be non-standard or customised
- k) A third party insists on the use of side letters or refuses to put terms agreed in writing;
- l) Observed that the Company has been invoiced for a commission or fee payment that appears large compared to the service stated to have been provided
- m) A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the Company; and/or
- n) Offered an unusually generous gift or lavish hospitality by a third party.

#### **D. ANTI-MONEY LAUNDERING**

“Money Laundering” means any act or attempted act to conceal or disguise the true origin and ownership of illegally obtained proceeds so that they appear to have originated from legitimate sources thereby avoiding prosecution, conviction and confiscation of the illegal proceeds.

While an exhaustive list cannot be provided, set out below are indicative actions or situations or parties may be “Red Flags”:

- a) Customers or suppliers who are connected to countries identified as non-cooperative by the ‘Financial Action Task Force on Money Laundering’
- b) Customers or suppliers who are reluctant to provide complete information and/or provide insufficient, false, or suspicious information or who are unwilling to comply with Company’s KYC norms as may be in force from time to time;
- c) Customers or suppliers who appear to be acting as an agent for another company or individual, but decline or are reluctant to provide information regarding that company or individual;
- d) Customers or suppliers who express concern about, or want to avoid, reporting or record-keeping requirements;
- e) Payments of amounts in excess of Rs.20,000/- (Rupees Twenty Thousand) only made in cash or cash equivalents, such as money orders, traveller’s cheques, internet currencies or prepaid cash cards. Acceptance of such amounts of cash or cash equivalents as a form of payment by the Company is strongly discouraged.



- f) Purchase of products, or a larger volume purchase, that appears to be inconsistent with a customer's normal ordering pattern, and in the absence of any legitimate business reason such as a special price promotion;
  - g) Complex deal structures or payment patterns that reflect no real business purpose or economic sense;
  - h) Requests for payment to be made through an unrelated country or to an unrelated third party;
  - i) Multiple partial payments from various parties on behalf of a single customer and/or multiple partial payments from various locations.
  - j) Customers or suppliers whose address is not at physical site;
  - k) Customers making a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose;
  - l) Customers paying in one form of payment and then requesting a refund of the payment in another form e.g. paying by credit card and requesting a wire transfer or cash refund.
- this Policy and, at all times comply with the terms and conditions of this Policy.
  - Prevention, detection and reporting of bribery, corruption, fraud and money laundering will be the responsibility of all those working for the Company. All employees will be required to avoid any activity that might lead to a breach of this Policy.
  - Employees will be encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage, including using the 'Speak up' framework and mechanism. If the reportee is unsure whether a particular act constitutes bribery or corruption or fraud or money laundering, the matter will be raised with the reporting manager or consult an appropriate member of the Human Resource (HR) or Legal Team. Concerns will be reported by following the procedure set out in the Whistleblower Policy.
  - Any associate who will breach any of the terms of this Policy will face disciplinary action, which could result in dismissal for gross misconduct.

## **E. MAINTENANCE OF RECORDS**

The Company will maintain financial records and have appropriate internal controls in place that will evidence the business reason for making payments to, and receiving payments from, third parties.

- 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.



## F. INTERNAL & EXTERNAL REPORTING

All incidents on corruption, bribery, fraud, money laundering that were reviewed by the Audit Committee and the subsequent decisions shall be disclosed to the Board on a quarterly basis including 'Nil' reporting. Reporting shall also be carried out to the investors and any other stakeholders as necessary.

## G. IMPLEMENTATION OF THE POLICY

An undertaking to comply with this policy, in letter and spirit, will be required to be taken by all employees at time of joining / confirmation. The Human Resources department shall also ensure that this policy is widely communicated to all existing employees at all locations of the Company and affirmed from time to time.

- The Company's zero-tolerance approach to money laundering, bribery and corruption shall 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.
- Excerpts of the Policy shall be included in all employee and third-party agreements.
- Wherever possible, all third parties should be sent a copy of this policy at the outset of the business relationship. An undertaking to comply with this policy, in letter and spirit, shall form an integral part of every contractual document entered into by Company (except in case of Agreements with Company Customers, in which case this policy will be made widely known to customers but they will not be required to become signatories to it). Procurement, Sales (and any other department entering into a contractual transaction) shall ensure that this policy is made known and reiterated from time-to-time to all Partners.
- Any cases of corruption, bribery, fraud, money laundering identified or reported shall be investigated as per the procedure laid down in the Whistleblower Policy.

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End of Document

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