



ADITYA BIRLA GROUP

SANCTIONS POLICY

I. Objective

Aditya Birla Group ('Group/ABG') is committed to carrying on business in accordance with the highest ethical standards. This Policy sets forth the guidelines for conducting business practices around the world in compliance with export controls and other foreign trade restrictions, as applicable.

II. Scope & Coverage

ABG is a global conglomerate having presence in several countries. This Policy applies to all the companies of the Aditya Birla Group. This Policy provides for a minimum standard the Group companies should comply with in any country in which our Group does business.

In the event this Policy is stricter than the laws that are applicable, including both applicable local laws and those laws with extra-territorial application, this Policy will prevail. However, if any part of this Policy conflicts with local laws in any location, the local law of the appropriate jurisdiction will prevail. The same principle will apply in case this Policy conflicts with sectoral laws, as may be applicable to certain companies of the Group.

This Policy is applicable to all the employees of the Group including senior managers, officers, other employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, interns, seconded staff, casual workers and agency staff, agents, or any other person associated with the Company and such other persons, including those acting on behalf of the Company (collectively for the limited purpose of this Policy referred as '**Employees**').

This Policy should be read in conjunction with the existing Group's Code of Conduct, Policies, Procedures and Guidelines, as issued from time to time.

The words and expressions used herein but not defined in this Policy shall have meaning as provided under applicable laws.

III. Compliance Officer

Respective group companies shall appoint one of the Senior Manager conversant with the operations of the Company to be the Compliance officer to ensure compliance with the provisions of this Policy ("Compliance Officer"). Company Legal team will be responsible to ensure that the right Governance process is in place for the compliance of this policy. The Compliance Officer should annually report the status of compliance of this Policy to the Business Review Committee for their

respective businesses. Company Legal team will ensure that the right Governance process is in place for the compliance of this policy.

IV. Trade Restrictions

All the Companies of the Group should comply with Sanctions, as applicable to their activities. In certain cases, on account of contractual relationship, extra territorial Sanctions may additionally apply to one or more Group Companies. Before such a contractual relationship is honoured by any of the other Group Companies which are not subject to the Trade Sanctions, Business should seek counsel from the Legal & Compliance team. Generally, any such circumvention of the Trade Sanctions is also be covered by the Trade Sanctions Laws. All queries related to Group wide exposure should be referred to the Group Legal & Compliance of the Aditya Birla Group.

For the purpose of this Policy, "Sanctions" shall mean the trade control, sanctions, embargoes, prohibitions or restrictions as may be imposed by the host country of our operations or those as may be made applicable to a Company on account of contractual extension of obligations, save and except those may be permitted as an exception under the applicable Sanction laws.

V. Compliance Process

Every transaction involving operation must be evaluated for compliance with applicable trade restrictions before proceeding. Trade control laws can restrict:

- export of certain goods, services, and technologies;
- business dealings (including import, export, and investments) with certain countries, entities, and individuals;
- travel to certain countries;
- exchange of information; and
- dealing in debt/equity instruments of a particular company.

Therefore, before engaging in any commercial relationship or transaction with any person, particularly those having overseas operations, foreign individuals and entities, the Company should undertake appropriate screening and due diligence to mitigate the risk of non-compliance of applicable Sanction laws and restrictions. The level of screening and due diligence should be linked to the risk profile of the particular relationship or transaction. Compliance

Officer along with relevant functional head should undertake enhanced screening and diligence if the risk is greater.

In the event, a transaction consequent to its **execution/implementation** is subjected to Trade Sanctions, it is unlikely to have any bearing under applicable Sanctions. However, if an ongoing transaction or any series of a particular transaction is subjected to trade sanctions, the Compliance Officer should look for appropriate transition period under applicable Sanctions, within which either the future transactions should be discontinued and/or alternate remedies should be explored, such that the Company is not found in breach of applicable Sanctions.

In case of any query on this Policy or under applicable Sanctions, you may reach out to the Compliance Officer of the Company.

Few examples of transactions requiring higher scrutiny along with Employees responsibilities may be referred from **Annexure-I & II**.

VI. Non-Compliance

Any violation of this Policy may be subject to disciplinary action under the Group's Corporate Principles & Code of Conduct.

VII. Breach

Any breach of this policy should be immediately notified to the General Counsel of the Company and the Group General Counsel.

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ANNEXURE-I: Transactions Requiring Higher Scrutiny

The Employees should be careful about the following transactions or situations which, when appearing together or individually, should raise a 'red flag':

1. A transaction with an internationally recognised individual or business that are subject to Sanctions, or are located in high-risk jurisdictions;
2. A lack of information as to the identity of the end-client involved parties and/or the reluctance of a party to provide such information;
3. Domestic transactions involving payments in foreign exchange/currency and any transactions with institutions dealing in foreign exchange/currency.
4. Client:
 - actively avoiding personal contact and the Employee perceives that there may be concerns with respect to their goodwill;
 - refuses to provide information, data, and the necessary documents or provides fake documents;
 - uses suspicious domain address or an email address;
 - a partner associated or known or known to a person involved in or suspected of terrorist or terrorist financing activities.
5. Unusual invoicing requests, request for favourable payment terms or request to make unusual exceptions without proper rationale;
6. Any suspicion or evidence to suggest the possible involvement of a restricted territory or restricted party or parties or that their representatives are located in a high-risk country;
7. The transaction is inconsistent with the individual's or entity's economic/business profile;
8. The person who directs the operation is not one of the official parties of the transaction or its representatives;
9. There is increased complexity in the transaction, or the ownership structures used, resulting in higher taxes and fees than necessary;
10. The customer requests shipment or labelling of goods that are inconsistent with usual shipping and labelling practices as well as the shipping route is abnormal for the product and destination;
11. The customer/client or his address is similar to one of the parties listed in the sanctioned list issued by various applicable authorities;
12. The transaction collateral is located in a high-risk country;

13. A client is financed by a lender who is not a credit institution to do business with the Company, with no logical explanation;
14. There are no documents to support the customer's proposal, previous transactions, or company activities;
15. Equipment or machinery if any is to be installed in an area under strict security control or in a suspicious or unusual location;
16. An investment is proposed to be made in immovable property from an entity belonging to a sanctioned country;
17. The client is relatively a newly incorporated entity which has received huge capital investment from unknown sources, the identity of which cannot be traced;
18. A transaction is unusual for many reasons, such as its size, nature, frequency, or the suggested manner of execution.

It is generally assumed to be safe to deal with the Government Agencies, however transaction with the government of certain countries may be restricted, for example transactions with Government of North Korea or Cuba or Iran. Such proposals should always be vetted by the Compliance Officer.

ANNEXURE-II: Employees Responsibilities

1. Each Employee shall ensure that he/she reads, understands and complies with this Policy. They should at all times, avoid any activity that might lead to, or suggest, a breach of this Policy. The prevention, detection and reporting of breach of Sanctions and any other violation of this Policy are the responsibility of each Employee.
2. Employees shall:
 - Understand and meet their Sanctions obligations as a citizen of a particular country or as a result of their presence in a particular country or those applicable to the Company they are employed with as a result of contractual obligation or otherwise;
 - Basis the risk profile, screen and perform due diligence on each prospective customer, suppliers and other business partner/counterparties including their Ultimate Beneficial Owners (UBO's). If there is any doubt whether screening and due diligence has been conducted with respect to any such person or entity, the legal department of the respective Company must be contacted immediately.
 - Ensure that the third party with whom Company has a contract,
 - as part of due-diligence or conditions precedent seek disclosure with respect to the following:
 - i) representing that the third party is not itself a Specially Designated Nationals ("SDN") or otherwise subject to Sanctions;
 - ii) requiring compliance with U.S., U.N. and E.U. or any other Sanctions laws as applicable.
 - In Contract clauses pls get the following understanding reflected:
 - i) that they are not owned or controlled by a sanctioned person or persons;
 - ii) That they will not directly or indirectly engage in or facilitate any business activity that would lead to breach of any applicable Sanctions obligations or this Policy;
 - iii) permitting the Company to exit the contract, if the third party during the term of the contract becomes an SDN or otherwise are found in breach of applicable Sanction laws.
 - is mandated to promptly disclose to the Company if they are subject to Sanctions.
 - If a transaction is proposed to be undertaken with a previously screened party, a prior written confirmation that such party is not subject to any Sanctions should be undertaken.
 - Immediately report to the General Counsel of the Company, if they are contacted by anyone

outside of Company, including law enforcement officials or government agencies concerning a potential violation of Sanctions or this Policy.

3. Employees shall not:

- Advise customers, or others as to how transactions may be structured or presented to evade applicable Sanctions or this Policy. This includes, but is not limited to, advising customers, and others to amend any information or documents to include false or misleading information, to omit accurate information, or changing, removing or omitting information from a transaction or any business record that would otherwise lead to detection of a Sanctions issue.
- Engage in any commercial relationship or transaction that directly or indirectly involve:
 - i) countries that are subjects or targets of Sanctions such as the list issued by United Nations from time to time, to the extent applicable; or
 - ii) nationals of sanctioned countries; unless the contemplated commercial relationship or transaction has been screened and cleared for action in accordance with the applicable sanction screening systems, processes and procedures that are implemented by the Company from time to time.