



BHARAT DYNAMICS LIMITED
BDL ANTI-CORRUPTION & ANTI-BRIBERY (ACAB) POLICY

1. Preamble & Purpose

- 1.1. This policy (hereinafter referred to as the "**Policy**") shall be called "**ACAB Policy**" of Bharat Dynamics Limited (hereinafter referred to as "**BDL**" or the "**Company**").
- 1.2. BDL was incorporated on 16 July, 1970 as a Public Sector Undertaking under the Ministry of Defence, Government of India to be the manufacturing base for guided missile systems and allied equipment for the Indian Armed Forces. Since its inception, BDL has been working in collaboration with DRDO & foreign Original Equipment Manufacturers (OEMs) for manufacture and supply of various missiles and allied equipment to Indian Armed Forces. BDL has evolved as one among few industries in world having state-of-the-art facilities for manufacture and supply of Guided Missiles, Underwater Weapons, Air-borne products and allied defence equipment for Indian Armed Forces. BDL also offers Product Life Cycle Support for all equipment supplied and also refurbishment / life extension of vintage Missiles already available in the inventory of the Indian Armed Forces. BDL primarily caters to the requirements of the Indian Armed Forces. With the encouragement from Govt. of India, some of the BDL products are now catered for Export markets.
- 1.3. Bribery and corruption can take many forms including cash or gifts to an individual or family members or associates, inflated commissions, fake consultancy agreements, unauthorized rebates, non-monetary favours and false political or charitable donations. These actions may be undertaken directly or through a third party. It is illegal and immoral to, directly or indirectly, offer or receive a bribe. BDL uphold all laws relevant to countering bribery and corruption applicable to it in the conduct of its business across all the jurisdictions in which it operates.
- 1.4. The purpose of this model Anti-Corruption & Anti-Bribery (ACAB) Policy is to ensure that BDL sets up adequate procedures in order to prevent Company's involvement in any activity relating to bribery, facilitation payments, or corruption, even where the involvement may be unintentional. It requires employees, directors, officers of the Company and third parties subject to this ACAB Policy to recognize questionable transactions, behaviour or conduct, and to take steps to record, comply and follow procedures set in place to deal with such behaviour or conduct.
- 1.5. The guidelines in this ACAB Policy should be read in conjunction with:
 - a) BDL's Code of Conduct, Discipline, Appeal Rules, 2020
 - b) BDL Standing Orders
 - c) The Whistle Blower Policy/ Vigil Mechanism;
 - d) Integrity Pact
 - e) Any guidance published pursuant to this policy;
 - f) Any other relevant policies as may be implemented from time to time as per the Government of India guidelines.

2. **Scope and Applicability**

This policy is applicable to all individuals working at all levels and grades, including directors, 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 BDL and such other persons, including those acting on behalf of BDL.

3. **Key Definitions**

3.1. **Anti- bribery Act:** The Prevention of Corruption Act, 1988 is the principal legislation in India, which provides for penalties in relation to corruption by public servant and also for those who are involved in the abetment of an act of Corruption. The PC Act was amended in 2018 to criminalize giving and accepting of bribes and now prescribes for corporate entities to have compliance procedures in place, in order to prevent its employees from engaging in any act, which may be categorized as Corruption and Bribery under the said act.

3.2. **Bribery:** "Bribery" means the offering, giving, receiving or accepting bribes directly or indirectly. Bribes are kind of financial or other advantage, or anything of value, with the intention of influencing the decision or changing the behaviour of a person in a position of trust to perform a public, commercial or legal function to gain or obtain a commercial advantage.

Bribes are payments made in cash or anything else of value to make someone to act in a particular way which is illegitimate and unethical and sometime illegal.

3.3. **Conflict of interest:** Situation where an employee / director is confronted with choosing between the duties and demands of their position and their own private interests.

3.4. **Facilitation Payment:** Facilitation payments are made to secure or expedite the performance of a routine or necessary action to which the payer has the right legally.

3.5. **Integrity Pact:** An agreement between the company and the contractor/ supplier that they will abstain from bribery, collusion and other corrupt practices for the extent of the contract to be monitored by External Independent External Monitor (IEM).

3.6. **Lobbying:** Any activity carried out to influence company's or government's policies and decisions in favour of a specific cause or outcome.

3.7. **Gifts:** Anything of value received or offered to the employee or their family members which may be in the form of cash or non-cash items. Few examples of such gifts are jewellery, expensive utility items, all expenses paid foreign trips, huge discounts more than the occasion demands, etc.

3.8. **Kickbacks:** A kickback is a form of negotiated bribery in which a commission is paid to the bribe-taker in exchange for services rendered. It is an amount of money that is paid to someone illegally in exchange for secret help or work.

3.9. **Whistleblower:** Making a disclosure in the public interest by an employee, director or an external person, to reveal corrupt activities / wrongdoing within the company that threatens its integrity and reputation.

4. Company Policy on Anti-Corruption/Anti-Bribery

4.1. Corruption can take place in many types of activities. It is usually designed to obtain financial benefits or other personal gain. For example, bribes are intended to influence behaviour of a person in an official or public capacity.

4.2. The areas of business where corruption, including bribery, can most often occur includes, Gifts, Entertainment and Hospitality, Facilitation Payments; Procurement Process; Political, Community or Charitable Contributions; Improper Performance of Duties; Favours Regarding Recruitment Opportunities.

4.3. BDL employees (whether permanent, fixed-term or temporary) shall not, directly or indirectly through their family and other connections, solicit or accept any personal fee, commission or other form of remuneration arising out of transactions involving the Company.

4.4. While an exhaustive list cannot be provided, set out below are indicative questionable transactions or situations that should be careful about - which, when appearing together or individually, should raise a 'red flag':

- i. A contract requires the use of a third-party consultant where the third party's principal or owner is a government official;
- ii. The business lacks qualifications or resources i.e. the potential business partner does not appear capable of performing the services being offered. Fake service contracts, under which corrupt payments are disguised using a consulting agreement or other arrangement are typical modalities for indulging in bribery or corrupt activities;
- iii. 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;
- iv. Transactions involving unusual payment patterns or financial arrangements. Accordingly, a request to pay unusually high commissions is a warning sign of possible corruption. A request to deposit commissions in multiple bank accounts, perhaps in offshore banks, also justifies additional scrutiny;
- v. A potential counterparty who refuses to accept an ACAB or anti money laundering clause in the proposed contract;
- vi. Based on pre-acquisition / counterparty due diligence, it becomes apparent that the potential counterparty has a reputation for offering bribes or violating other laws or indulging in unusual structured transactions;
- vii. Inflated payouts to, or questionable role in the project of potential counterparty or its affiliate;
- viii. A proposed counterparty resists or fails to provide details of parentage or has undisclosed principals, associates or sub-contractors with whom it splits fees;

- ix. A proposed counterparty refuses access to its books and records where requested under the proposed contract.
- 4.5. **Political Contributions:** Under any circumstances, Company funds shall not be used to make political contributions to political parties or candidates in any country, even if such contributions are permitted by a country's written laws or regulations. It must be clearly understood that no Company Personnel can therefore make any sort of political contribution from Company funds under any circumstances whatsoever.
- 4.6. **Anti-Money Laundering:** Company's products or services shall not be used or abused for money laundering or terrorism financing purposes. All Company personnel are prohibited from entering/Facilitating any such transaction or association of any kind, whether at home or abroad, which is intended to, or which may be perceived as being intended to:
- Laundering of funds for any kind of illegitimate activities under the applicable laws,
 - Financing terrorist organization/associations or activities related therein.
- 4.7. **Prohibition of Bribery:** BDL has zero tolerance approach to bribery and corruption. The Company is committed to conduct business in accordance with the highest ethical standards. No bribes of any form shall be offered or paid or accepted from customers, suppliers, government/ public official or agents/ representatives of private person or Company for or on behalf of the Company for any business or official matters or activities related to Company in order to gain any financial, commercial, contractual, regulatory or personal benefit for the Company or for another party. Section 8 of the PC Act which deals with the offence of bribing a public servant, provides for punishment of up to seven years imprisonment or a fine or both.
- 4.8. **Prohibiting Facilitation Payments:** BDL prohibits its employees from offering or authorizing a facilitation payment to secure or expedite the performance of a routine or necessary action such as obtaining an ordinary license or business permit.
- 4.9. **Prohibiting Kickback:** Similarly, this policy strictly prohibits making or accepting improper payments including kickback of any kind.
- 4.10. **Donations:** Company do not permit to provide a donation to influence decision of a government official. However, BDL Management may decide to make charitable donations that are legal and permissible under Corporate Social Responsibility approved schemes and organizations. However, no donation must be offered or received without prior approval of Board of Directors. All such donations or contributions should be documented with a receipt.

4.11. **Gifts and Hospitality:**

- (a) This policy allows accepting or offering hospitality like meals, beverages, travel within a limit and small gifts such as pen, diary, dry fruits, sweets which are of nominal value to and from third parties in the ordinary course of business on special occasions such as Dussera, Diwali, New Year, etc. It is to be ensured that gifts and hospitalities are reasonable, justifiable and not viewed as disproportionate to the situation under which the same is accepted or offered.
- (b) No *quid pro quo* – Offering or receiving gift / hospitality is not a favor for a favour;
- (c) The gift is always given under the company name instead of any individual.
- (d) Gifts should not be offered to, or accepted from Government official or politicians or political parties;
- (e) All employees should reject gift or hospitality, if there is a suspicion that the same is offered with an expectation that in exchange of gift or hospitality, a business favour will be done by the company;
- (f) Gift should be given in an open manner, not secretly;
- (g) Company permits accepting or incurring proportionate and reasonable expenditures for business promotion and events involving its customers, vendors and other stakeholders legitimately designed to showcase, demonstrate its existing products and services to existing and potential business partners or to establish cordial business relations with existing or potential business partners.

4.12. **Conflict of Interest:** Conflict of interest arise when the various interests, duties or commitments that any employee or director have come into conflict. An employee/director who is also a director or shareholder of another organization could compromise his or her duty to the company is an example of conflict of interest. Not always conflicts involve improper activities.

An employee awarding a contract to a company or lobbying for that contract in which he or she has financial interest or some other connection like as having relative in that company would be another example of conflict.

To address conflict of interest issues, employees should declare any conflicts of interest or the chances of a future conflict on their own whenever there arises a situation of conflict.

For declaration/disclosure of interest, Director(s) and Key Managerial Personnel (KMP) of the Company shall continue to comply with provision of the section 184 of Companies Act, 2013 read with Rule 9 of the Companies (Meeting of Board and its Power) Rules, 2014.

5. **Compliance Officer**

Being a Government Company, the Government of India appoints a Chief Vigilance Officer (CVO) from outside the Organization, who is generally from Civil Services. CVO holds the rank of Functional Director level in the Company. CVO is head of the Vigilance Department of the Company and he is responsible for detection of corrupt practices and other malpractices as per the BDL (Conduct, Discipline & Appeal) Rules & standing orders, as the case may be. He is also responsible for taking preventive measures to stop corruption, bribery and other such malpractices in the Company. He shall ensure proper implementation of Central Vigilance Commission guidelines in the Organization. The CVO may be contacted for any complaints and suggestions in the given below address:

Chief Vigilance Officer, Bharat Dynamics Limited
Corporate Office: Plot No.38-39, TSFC Building
Financial District, Gachibowli, Hyderabad-500032
Phone No.: 040-23456106
Email: cvobdl@bdl-india.in
Toll free No.: 1800-42552259

6. **Books, Records and Internal Control Requirements**

Accurate books and records are kept to maintain internal controls and to prevent and detect potential violations of our policies or of applicable laws. Appropriate controls are implemented to ensure that diligence is conducted, transactions are properly approved, proper documentation is submitted to support expenses and interactions are handled as required by our policies. The company shall also use proactive reviews, audits and internal investigations to further monitor compliance and to identify any potential areas to enhance. When engaging in a cross-border transaction, the Company shall also ensure compliance with the local laws of the Government Official's Home Country.

In addition to the regular audits described above, there may also be individual instances in which investigation of a certain matter may become necessary. In such events, the Chief Vigilance Officer may in his discretion or when so directed by the Board of Directors or the Audit Committee, issue a written directive to the concerned department to perform an audit or investigation of the Company's records, books and accounts to prevent and detect violations of the Anti-Corruption and Anti-Money Laundering Laws and to ensure compliance with this Policy and other Company policies, practices and procedures. While performing such an audit or investigation, the concerned department may obtain the assistance of any Company Personnel and is authorized to retain accounting firms, outside counsel, or others, as deemed necessary in the discretion of the Chief Vigilance Officer.

7. Responsibility and Penalties

BDL takes the subject of corruption and bribery very seriously. Any violation of this ACAB Policy will be regarded as a serious matter and shall result in disciplinary action as per the BDL (Conduct, Discipline & Appeal) Rules & standing orders, as the case may be, consistent with applicable law and the employee's terms of employment.

8. Manner of investigation for imposition of penalty

As per CVC guideline, as soon as a decision has been taken by the competent authority to investigate the allegations in the nature of criminal offence, investigation should be entrusted to the Central Bureau of Investigation (CBI) or to the Anti-Corruption Branch in the Union Territories in case of following allegations:

- a. Involving bribery, forgery;
- b. Assets disproportionate to known source of income as an outcome of Bribery;
- c. Cases in which truth cannot be ascertained without making inquiries from non-official persons; or those involving examination of non- Government records, books of accounts, etc.;
- d. Other cases of a complicated nature requiring expert police investigation.

However, in cases where allegations relate to a misconduct other than a criminal offence, or to a departmental irregularity or negligence, and the alleged facts are capable of verification or inquiry within the Department/ Office, the inquiry / investigation should be made departmentally.

In certain cases, the allegations may be of both types. In such cases, it should be decided in consultation with the Central Bureau of Investigation as to which of the allegations should be dealt with departmentally and which should be investigated by the Central Bureau of Investigation.

9. Engagement of third party

The agreements with third parties like agents or associates or business partner by whatever name they are called acting on behalf of the company as intermediaries must be fully documented applying Company's standard terms and conditions for appointment, which must include compliance with the Policy and strictly prohibit such intermediaries to offer or accept any kind of bribe, gift, etc. on the Company's behalf. Fees or compensation paid to intermediaries must be commensurate to the services and responsibilities discharged by them and must be appropriate and justifiable and for the purpose of related business activities only. The intermediaries are required to maintain proper records and accounts for inspection and or audit in case of necessity.

The following points to be kept into consideration by any third party who intend to be engaged with company for any kind of business relation:

- a. BDL's confidential information, Intellectual Property rights, technology should be properly kept secret. The information which is not available in BDL website/

public domain should be only used if it required for any business purpose for which third party is engaged.

- b. All business transactions are carried out in a transparent manner with proper back up documents.
- c. No unfair means even if it is not illegal are adopted to win any contractual rights for company.
- d. The information in the custody of the third party not to be used for inside trading.
- e. Offering of gifts and hospitality on behalf of company only to be done with prior approval of company commensurate with the occasion.
- f. Any kind of indirect benefits or any conflict of interest in any business dealing by business associates to be reported directly to Company for removing the conflict.
- g. The third party to ensure that workers employed in their company are complying with the prevailing act related to payment of minimum wages, ESI, PF, etc.
- h. No employees of their entities are subject to physical harassment or caste or gender discrimination.
- i. Minimum age, health, safety, sanitation aspects are taken care and as per govt. rules and regulations.

10. Periodic Review and Training Programmes

The Audit Committee of the Board periodically reviews the internal financial controls, functioning of the whistle blower mechanism and risk Management systems which shall include frauds, irregularities, anti-bribery and anti-corruption programmes. On quarterly basis, the Chief Vigilance Officer shall submit a detailed report to the Board on review of vigilance activities in its entirety, which includes preventive measures undertaken, malpractices detected, number of complaints received and action taken thereon and progress of vigilance related cases etc.

The Vigilance Department shall periodically conduct various training programmes and awareness programmes on Anti-Bribery and Anti-Corruption to all the employees of the Company at all units.

11. General

The Chairman & Managing Director of the Company reserves the right to vary and/or amend the terms of this ACAB Policy from time to time.
