

Anti- Bribery & Corruption Policy



**ORGANIC
INDIA™**

Healthy Conscious Living

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1. Introduction

1.1. Leadership Statement on Corporate Policy

At Organic India Private Limited (OIPL), the way we do things is just as important as what we do. Of course, we want to be the best in our industry, but not at any price. We want to create a workplace where each employee achieves the highest business and personal standards, and where everyone feels proud of our company and the job which he or she does.

OIPL is a team with core values: Total Integrity, Absolute commitment to Quality and No compromise on being who we are. These values guide how we work every day. We bring these values to life in the way we perform, giving our best effort every day, being accountable for what we do, delivering on our commitments to each other and to our customers, setting objectives, meeting our goals, and working together to achieve business results. A core objective of our Company is creating a winning and inclusive culture that drives results.

There is no greater priority for Organic India Private Limited (OIPL) than the ethical conduct of our people. We exist to improve lives of our stakeholders including mother earth. No matter where we operate in the world, in our interactions with farmers, customers, vendors and governments, we must live our values of respect for people, transparency and integrity.

No where is our commitment to ethical conduct more evident than in the area of corruption prevention and detection. At OIPL, our attitude towards corruption in all its forms is simple: it is one of zero tolerance. We operate in challenging commercial and in cultures where corruption can be widespread. This can never be an excuse. It is vital that we ensure that our people and those who work on our behalf understand their responsibilities and operate to the highest ethical standards. We must not forget our Vision - To be a vehicle of consciousness in the global market by creating a holistic sustainable business modality which inspires, promotes and supports True Wellness and respect for all Beings and for Mother Nature.

This handbook provides you with a broad understanding of the Anti-Bribery & Corruption (“ABC”) Policy at OIPL, and its key policies and procedures. Everyone at OIPL should not only read the handbook, but live their daily lives by the rules, values and spirit outlined in these pages.

1.2. Applicability

One of the guiding principles for OIPL is ‘Complying with Anti-Corruptions laws’. The ABC policy & procedures extends on this principle and is applicable to all employees and everyone we do business with, including agents, employees, representatives, consultants, independent contractors and anyone acting on behalf of OIPL.

1.3. Purpose

This document outlines acceptable and non-acceptable behaviors to ensure compliance with anti-corruption laws, applicable in India and other territories where OIPL has business operations. Therefore, ABC policy for OIPL has been designed while considering provisions of anti-corruption laws applicable in India and other foreign territories.

The ABC policy is designed while considering following statutes: -

1. Prevention of Corruption Act 1988
2. US Foreign Corrupt Practices Act 1977
3. UK Bribery Act 2010

1.4. Roles and responsibilities

Integrity is taken very seriously at OIPL and all the Senior Executives are equally committed and involved in the process of protecting OIPL's image and reputation.

OIPL has designated Alok Kumar – Company Secretary, as the Compliance Officer, who would be responsible for implementation and roll out of these policy and procedures. He will report all matters to the Chief Executive Officer ('CEO') and Board of Directors of the company on a quarterly basis. This also exemplifies the management's commitment to drive anti-corruption measures and controls within the Company.

In this endeavor, the Compliance Officer will work closely with the legal, finance, sales, marketing and other departments.

2. Important Definitions and Statutes

2.1. Bribe

Bribe under this policy is defined as anything of value given to a government official in an attempt to affect a person's action or decision in order to gain or retain a business advantage.

Bribe may include payment against foreign trips, gifts in kind, improper contributions to charities/ donations made to organization that are known to be connected with government officials and objective of such bribe is to induce the government official to help OIPL or any other person, to obtain or retain business, or to secure improper business advantage.

2.2. Government Official

Government Officials include but are not limited to: -

- ☑ Any officer or employee of a Government Entity, department, agency or instrumentality of a government,
- ☑ A Member of a legislative or judicial body, a party official or a candidate for political office, any officers or employees of state-owned enterprises, including a state-owned news agency or any affiliate thereof,

- ☑ Includes employee, family Member, family relative or Close Business Associate of the above, and any person acting in an official capacity for or on behalf of and of the same.

2.3. Prevention of corruption act 1988

The Prevention of Corruption Act 1988 ("PC Act") is the most critical statute regulating the Anti-Bribery and Corruption related issues in India. Important aspects of act law are discussed in detail below: -

Applicability and Coverage:

The act is applicable when a government official solicits or receive anything of value with a motive for doing any act or as reward for past act, and such gratification received is over and above his/her legal remuneration.

2.4. Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act (FCPA) of 1977, is a U.S. law that prohibits bribery of foreign (non-U.S.) government officials and requires companies to maintain accurate books and records, and a system of internal controls. Two major components of FCPA are: -

1. **Anti-bribery Prohibitions:** - FCPA prohibits improper payments to, or other improper transactions with, foreign government officials to influence performance of official duties. The FCPA prohibits companies from giving, paying, promising, offering, or authorizing the payment, directly or indirectly through a third party, of anything of value to any "foreign official" to persuade that official to help company, or any other person, obtain or keep business, or to secure some other improper advantage.
2. **Accounting and Record Keeping Requirements:** - In addition to prohibiting bribery, the FCPA requires companies to keep accurate and complete records of the transactions in which it engages

Applicability and Coverage: -

- All companies whose securities are listed in the U.S. stock exchange
- Foreign corporations/businesses with a principal place of business in the U.S.
- Foreign subsidiaries wholly owned or controlled by U.S. companies (directly or indirectly)
- U.S. Persons (citizens, nationals, residents)
- Persons located in the U.S. (visitors, non-immigrant workers)
- Directors, officers, employees, and agents (U.S. or foreign) of issuers and domestic concerns
- Other persons if they participate in a prohibited activity officer, director, employee, representative (whether in the U.S. or not)

2.5. U.K Bribery Act (UKBA)

The UK bribery Act (UKBA) of 2010, is comparatively new and stringent UK law. Unlike the FCPA U.K. Bribery Act also prohibits bribery in the private sector. The UKBA prohibits: -

- Offering, promising, or giving a financial or other advantage to another person, whether a national of the U.K., U.S. or elsewhere, with the intention of inducing or rewarding a person to perform certain functions improperly, where there is an expectation that those functions are to be performed in good faith, impartially, or in a position of trust; and
- Requesting, agreeing to receive, or accepting a financial or other advantage from another person whether a national of the U.K., U.S. or elsewhere, intending that, in consequence, a relevant function or activity (as explained above) should be performed improperly or as a reward for the improper performance of a relevant function.

Applicability and Coverage: -

The U.K. Bribery Act provisions related to commercial bribery and bribery of foreign officials (including U.S. public officials) apply to offenses committed in the U.K. and offenses committed outside of the U.K. where the person has a close connection with the U.K. (e.g., a British citizen or other category of passport holder, a person ordinarily resident in the U.K. or an entity incorporated in the U.K.). This act extends further to FCPA and prohibits bribery in private sector.

3. Key risk areas

3.1. Third Party Intermediaries

The Company recognizes that there are circumstances in which relationships with third parties such as agents, consultants, service providers will be required or prudent from a commercial perspective. However, public corruption often occurs when companies use third parties as intermediaries to obtain business or influence action on their behalf. Further, Anti-corruption laws do not always differentiate between acts made by the Company or by someone acting on the Company's behalf. Third party intermediaries may include subsidiaries, joint venture or other business partners, agents, consultants, referral partners, resellers, suppliers or anyone performing services on company's behalf, regardless of whether the company had any knowledge of the improper payments.

Third Party Due Diligence: Objective and Methodology

Due diligence is the process of identifying facts about the company and its promoters who may expose company to a risk and involves assembling substantial information about intermediaries.

Due diligence will seek to identify sanctioned parties, state-owned companies, Government Officials, and other "politically-exposed persons" ("PEP") or entities. Additionally, the media review will seek to identify potentially adverse information with respect to allegations of corruption, collusion, other illegal activities, or other matters

that have a significant impact on reputation. While selecting or working with a third-party intermediary, company personal should consider for following potential risks-

- Third party requests a commission that is excessive or to be paid in cash;
- Third party is related to a government official, or the third party's company is owned in part by a government official or his family;
- Third party indicates that a particular amount of money is needed to "get the business" or "make the necessary arrangements"
- Third party requests that OIPL prepare false invoices or any other type of false documentation;
- Third party refuses to promise in writing to comply with the FCPA or other Anti-corruption laws.

In those circumstances where third-party relationships are required, the Company must choose its agents, consultants, referral partners, resellers and other representatives very carefully. Prior to entering into an agreement with any such third-party (agent, consultant, channel partner, reseller or other representative), appropriate due diligence must be performed by following means: -

- Search on Public Databases (MCA, Income Tax, CIBIL etc.)
- Background Searches (Social Media, Google etc.)

Example of third-party relationship includes a situation where a professional accountant is appointed by OIPL to represent its case to income tax department.

Contracts/agreements with consultants, third parties and intermediaries

All contracts, without exception, must be written detailing the scope of work, legally vetted and executed. These contracts, for all intermediaries, also must include appropriate anti-corruption verbiage. In case a consultant refuses to sign-off on the anti-corruption verbiage or recommends changes, the consultant should not be appointed or retain to work with OIPL.

Refer **Appendix A** for Draft Anticorruption Compliance Clause for Contracts/Agreements.

3.2. Gifts Entertainment and Hospitality

Gifts, entertainment and hospitality are acceptable if they are reasonable, proportionate and made in good faith and in compliance with company policies. While performing such an activity OIPL personal should question himself to understand the intent behind the gift/entertainment expense incurred. If the intent is to take any undue advantage from the recipient, then such activity will not be solicited and would be considered in violation of ABC laws.

Examples of gifts, entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude, invitations to events, functions, or other social gatherings, in connection with matters related to our business. These activities are acceptable provided they fall within reasonable bounds of value and occurrence.

Some of the key considerations while giving gifts to government officials: -

- What is the intent – is it to build a relationship or is it something else?
- How would it look if these details were on the front of a newspaper?
- What if the situation were reversed – would there be a double standard?

As a general rule, OIPL employees and third-party intermediaries should not provide gifts or hospitality to, or receive them from, a government or other public official (or their close families and business associates). Modest gifts which are customary in nature can be given to government officials if the following conditions are satisfied: -

- a) The gift is made as a courtesy or token of regard or esteem, or in return for hospitality and the cost of the item is reasonable.
- b) The gift bears the Company's name or logo (e.g., company products, calendars, stationary and similar inexpensive Company-branded items) and other modest gifts.
- c) The gift is given openly rather than secretly.
- d) The gifts are not given for more than 2 times to the same individual in a year.

3.3. Travel and Lodging

Company may pay the reasonable travel expenses, including airfare, hotel accommodations, meals and other incidentals, of a Government Official. Specifically, the company may pay reasonable expenses that are directly related to:

- The promotion, demonstration or explanation of the Company products or services.
- The execution or performance of a contract for example, reasonable expenses may include trips to a Company processing facility to observe the Company's production and quality control processes, or travel expenses of police officers traveling beyond their usual jurisdiction to investigate a theft of Company property.

Key policies for payments of travel and lodging related to government official will include following:

- The government agency, government department, or state-owned enterprise must select the invitees and not the Company.
- The government agency, government department, or state-owned enterprise must approve the proposed visit and itinerary.
- Tickets, hotel accommodation and other travel-related expenses need to be reasonable and commensurate with the company travel policies. Company will directly pay airlines and hotels on behalf of the government official and will not pay any reimburse any per diem to the government official. However, Company can also make direct payment for per diem expenses or as per the defined limits to respective Government Department for Government official.

- Travel will only be for the business associate and not for his/her family members.

In addition to any respective business unit/department approvals that may be required, all proposed payments or reimbursements for travel expenses of Government Officials must be approved in writing by the Compliance Officer and CFO before the travel occurs. The form for requesting approval of such expenses is attached as **Appendix B**

3.4. Prohibited Payments to Government Official

Government Interaction - OIPL, like all the companies in the healthcare product industry, interacts with government officials throughout of a product. For example: product registration, clinical trials, inspections, clearances, manufacturing license applications, applying for patents and trademarks, positioning of the product in national & international market. Other interactions that involve government officials include:

Customs clearance

Immigration Visas

Political lobbying

Dealing with Tax authorities

- A 'facilitation payment' is defined as a payment to an individual to secure or expedite the performance of a routine government action by government officials to whom one is already entitled. These are generally small payments to low ranking government officials, for example, in order to:
 - Obtain permits, licenses, clearances or work orders to which you are already entitled
 - Receive police protection, mail pickup or delivery.
 - Receive phone service, power and water supply, loading and unloading cargo, protecting perishable products.
 - Schedule inspections or transit of goods across country border controls.
- Facilitation payments are generally not allowed, however under following condition with prior approval of Compliance officer (or, if prior approval is not reasonably possible given the circumstances, as soon as possible following such payment)
- The failure to make the payment would create a risk to an employee's (or his or her traveling companions') personal health or safety or physical or mental well-being.

Is there any difference between bribery of government officials and commercial bribery?

No, corruption can occur in both commercial dealings and dealings with government authorities and governments, including government officials. OIPL does not distinguish between these forms of bribery. Both of these activities are prohibited by our policies and if breached may lead to severe sanctions, including dismissal.

3.5. Donation to Political Party and Charitable Contributions

The company policy prohibit employee to make political contributions on behalf of company without authorization. Political and charitable contributions, as permitted by law, must be approved in advance by the Compliance Officer. These payments would include charitable donations, expense on corporate responsibilities.

These types of payments must be reviewed for compliance with applicable Anti-Corruption Laws and should be approved by the Compliance Officer and CFO. A copy of the form for requesting approval of political donation and other charitable contribution is attached as **Appendix B**.

3.6. Books, Records and Internal Control Requirements

“Off-the books” payments and fraudulent accounting practices are strictly prohibited. Books and records include accounts, invoices correspondence, memoranda, tapes, discs, papers, books, and other documents or transcribed information of any type.

Examples of falsified books and records that violate our policies and anti-bribery laws include the payment of false or fraudulent invoices, the miscoding of an improper payment in the general ledger, or a falsified expense report to hide improper entertainment of a government official

To ensure compliance of ABC policy, every OIPL employee has an obligation to truthfully report all transactions and ensure no payments are made based on fictitious documentation. OIPL employees having custody of books and records shall be responsible for their security and ensure that no improper or unauthorized alterations or disclosures occur. Following acts are prohibited: -

- Authorizing or funding any transaction that is undisclosed or unrecorded in the company’s books, records and accounts;
- Approving, inducing or making any payment with the intention, purpose or understanding that such payment or any part thereof is to be used for any purpose other than that described by the documents supporting the payment;
- Omitting, falsifying or disguising entries, or otherwise creating misleading or incomplete entries in any of OIPL’s books and records; approving or inducing such acts or entries in any books, records or accounts of any third parties with whom the company conducts business;
- Paying expenses that are improper, unauthorized and/or unsupported by proper documentation.

4. Trainings and Reporting Violations

4.1. ABC Trainings

OIPL management is committed towards creating awareness around corruption laws and related risks applicable on OIPL and its stakeholders. OIPL should maintain proper books, accounting records and documents which in reasonable detail accurately reflect the nature of transactions and deposition company assets. The management would on regular basis conduct training and awareness session on ABC laws. In specific, the annual training would be conducted for employees and third-party intermediaries engaged with following departments: -

- ☒ Sales
- ☒ Marketing
- ☒ Supply Chain/Imports/Logistics
- ☒ Legal
- ☒ Finance/Accounting/Tax
- ☒ Operations
- ☒ Argo
- ☒ Quality Control
- ☒ Purchasing

4.2. Non-compliance with ABC Policies and Procedures

Any violation of this policy will be regarded as a serious matter by the Company and is likely to result in disciplinary action, including termination; consistent with local law.

Bribery is a criminal offense. As an employee you will be accountable whether you pay a bribe yourself or whether you authorize, assist, or conspire with someone else to violate an anti-corruption or anti-bribery law. Punishment for violating the law is against you as an individual and may include imprisonment, probation, and significant monetary fines which will not be paid by OIPL.

4.3. How and where to report violations of ABC policy

If you witness any violation of ABC policy, the same should be brought to attention of Compliance Officer, you are urged to take it directly to a responsible person at your location, including your supervisor, human resource manager or head of legal department. All supervisors and managers are expected to take such violation seriously, to address them promptly, and to prevent retaliation against the employee who has raised the concern. We believe that immediate reporting to responsible management is the most efficient path to successful resolution. However, there may be times when reporting an ABC violation to local management is not appropriate. If you are uncomfortable raising an issue to your immediate superior or local management then do not hesitate in directly taking up the issue to company's board of directors.

5. Case Studies

Scenario -1: A government inspector in an emerging market has discovered several small safety violations at our facility. He threatens to shut down our facility unless you pay him a fine on the spot.

Analysis -1: In this instance, contact the management immediately. While we certainly wish to avoid unnecessary bureaucratic difficulties, paying money to a government inspector is both improper and likely illegal.

Scenario -2: OIPL is seeking to purchase land for a new facility in an emerging market. The land is owned by the local government. A real estate broker informs you that for a commission equal to 25% of the transaction value, he will arrange for the sale of the land through his “connections” with the local government. Do you pay the commission?

Analysis-2: No. Because of the large amount of the commission, and our knowledge that the broker has close government connections, there are sufficient “red flags” to suggest that this transaction is improper.

Scenario-3: - It comes to your knowledge that a lady government official who has recently taken charge is responsible for providing export approvals for OIPL products. It was informed to you by informal sources that the lady official is fond of diamond jewelry and can work out of the way if she is facilitated. Considering the business proposition will you consider giving her such a gift?

Analysis -3: No. Any gifts/entertainment to government official is strictly prohibited. Gifts can be given to an official on if the same is customary in nature.

Scenario -4: - A professional appointed for obtaining FSSAI license quotes his composite fees as INR 50,000. You noticed that the statutory fee for such license is only INR 500. Will you recommend availing service from the professional?

Analysis -4: Such service contracts should be analyzed at highest level to understand, the quantum of efforts that would be required by the professional for obtaining the requisite license. Further the fees should also be benchmarked in a way to eliminate any portion of bribery that may be factored in fee quoted by the professional.