

Sadbhav Infrastructure Project Limited

Intermediary Appointment Policy (IAP) Policy

Version – 1

Sadbhav Infrastructure Project Limited

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SADBHAV INFRASTRUCTURE PROJECT LIMITED

INTERMEDIARY APPOINTMENT POLICY (IAP) POLICY

1. INTRODUCTION

- 1.1. In order to effectively manage Anti-Bribery and Corruption (ABC) and Employment, Safety, Environmental and Governance (ESG) risks, SIPL should carry out an appropriate ABC and ESG risk assessment and due diligence on a proposed Intermediary.

The list below sets out examples of types of Intermediaries encountered by SIPL and covered by this Policy, however it is not exhaustive:-

- Taxation and Legal consultants and Technical project advisors
- Toll work's subcontractors including EPC Contractors
- Logistics providers

- 1.2. Sadbhav Infrastructure Project Limited ('SIPL') adopted the Intermediary Appointment Policy (IAP) pursuant to a resolution of its Board of Directors passed through Circular dated 9th September, 2019 in relation to SIPL as applicable. This Policy should be read in conjunction with the Anti-Bribery and Corruption Policy and Charitable and Political Donations policy of SIPL.

2. INITIAL RISK ASSESSMENT

- 2.1. SIPL carries out a risk assessment of the proposed Intermediary, having regard to the following:

Business Opportunity Risk – What is the nature of the services to be provided by the Intermediary? Is the contract with the Intermediary a high-value contract?

Business Partnership Risk – Will the Intermediary be interfacing or transacting with officials (e.g. obtaining permits or licenses) on behalf of SIPL? Will the Intermediary be engaging and/or making payments to other parties on behalf of the SIPL?

- 2.2. The proposed Intermediary must complete an ABC and ESG due diligence questionnaire (the Questionnaire) in the form at Appendix 1.

Intermediary shall provide the completed Questionnaire to the Compliance Officer.

2.3. The Compliance Officer will review the completed Questionnaire and also assess any additional “red flags” in order to assess what further due diligence measures may be required. Examples of “red flags” are where the proposed Intermediary (or any of its Key Persons):

- is the subject of credible rumours or media reports of Bribery or Corrupt activities, a lack of regard for ESG law or ESG risks, improper business practices or of conduct falling short of generally accepted standards of business ethics and conduct;
- has been convicted, charged with, investigated for, or is suspected of, violation of local or foreign ABC laws or ESG laws;
- submits incorrect, misleading or inconsistent information in response to due diligence requests; or
- Resists appropriate ABC or ESG contractual protections or refuses to comply with applicable ABC or ESG laws.
- Whether the Intermediary was recommended by Government officials and whether the Intermediary retains the services of a third party who is a Government Official to facilitate business on company’s behalf.

3. DUE DILIGENCE

Review of Information

3.1. The scope of the due diligence review should be assessed on a case-by-case basis, with regard to factors such as the initial risk assessment, red flags observed and the materiality of the contract or other relationship with the Intermediary. The Compliance Officer, if required and in consultation with the Vice President-Finance and Operations regarding the abovementioned points, as the case may be initiate the due diligence review on the proposed intermediary. In general, the due diligence review should focus on the following:

- corporate organization, ownership and governance and Financial statements;
- Promoters, officers, directors (Key Persons) and their background including reputational issues, criminal record. Further, Political affiliations

including risk of promoters and key management personnel of the vendor being Politically Exposed Person's (PEP) should be carefully examined.

- historical compliance by the Intermediary with applicable ABC and ESG law and acceptable standards of business ethics and conduct (including investigations and credible allegations of non-compliance)
- Any prior relationship between the Intermediary / its Key Persons and SIPL, including whether they have previously been black-listed by SIPL for any reason;
- any relationships between the Intermediary, its Key Persons and any Official.
- press reports about the Intermediary and its Key Persons; and
- The Intermediary's ABC and ESG policies and procedures (if any).
- The Compliance Officer may request finance department / purchase department to conduct due diligence procedures internally or he obtain the services of external consultants to carry out the proposed due diligence, as the case may be.

Meetings with the Intermediary

3.2. SIPL should also meet with the Intermediary to discuss its ABC and ESG policies and procedures, any risks identified in the risk assessment and due diligence above, the Intermediary's understanding of those risks and how these could be addressed.

External Review

3.3. If required in the particular circumstances, the Compliance Officer shall authorize SIPL to engage external consultants to carry out independent ABC and ESG due diligence on the Intermediary and its Key Persons.

4. APPROVAL OF INTERMEDIARY

4.1. If the ABC risk assessment/due diligence outcome is satisfactory and the Compliance Officer and VP Finance and Operations give approval post which the formal appointment process may commence. In case of adverse findings, the matter may be referred to be taken as an agenda item for discussion in subsequent meeting of the Board of Directors.

- 4.2. As part of the appointment process, the Compliance Officer should consider whether it would be prudent in the case of a particular Intermediary to put in place additional measures/protections such as specific contractual provisions, reporting obligations, ABC and ESG training, etc. The Designated Compliance Officer should also consider which (if any) SIPL policies should be provided to the Intermediary and/or which policies the Intermediary should agree to abide by.
- 4.3. The steps taken and results of due diligence on Intermediaries must be documented by the Designated Compliance Officer.
- 4.4. Due diligence on an Intermediary engaged for more than a 12month period should be updated annually by undertaking suitable desktop searches and, where considered appropriate, requesting an updated Questionnaire.

5. CONTRACTUAL ARRANGEMENTS

- 5.1. All arrangements with Intermediaries must be in writing and signed by appropriately authorized personnel of the SIPL and the Intermediary.
- 5.2. All contracts with Intermediaries must include the Standard ABC and ESG Contractual Protections which are set out in **Appendix 2**. Additional contractual provisions may also be appropriate (e.g. requiring the Intermediary to adopt ABC and ESG policies/procedures acceptable to SIPL), depending on the results of the due diligence process. The Designated Compliance Officer should also consider whether or not the Intermediary may be subject to ABC or ESG laws for other jurisdictions and, if so, consider whether amendments to the standard contractual provisions, or further contractual provisions, are necessary in order to reflect this.
- 5.3. The Designated Compliance Officer should be consulted in respect of all contracts to be entered into with Intermediaries.
- 5.4. The Designated Compliance Officer, in consultation with the Audit Committee, may prescribe appropriate guidelines or criteria to aid the implementation of this Policy.

Date:

Place: Ahmedabad

Chairman

APPENDIX-1

DUE DILIGENCE QUESTIONNAIRE

1. Name of entity, including trade names (or name of individual if A sole proprietorship):
2. Address:

Email:
Telephone:
Facsimile:
3. Legal Form Individual Corporation Partnership other
4. If the Intermediary is an entity:
 - (a) Date and place of incorporation/registration:
 - (b) Is your entity listed on an exchange? Yes no if yes, what exchange?
 - (c) For the following, please identify each individual by their full Name, title and date of birth. Please list:
 - (i) The principal employees who are expected [to provide the agreed-upon services].
 - (ii) Any SIPL board members and executive officers, and all stockholders or owners (legal and/or beneficial) who have a direct or indirect financial interest in your business ("Owners"). If none, please state "none." [*Financial interest here refers to any shareholding, any instrument convertible into equity (on a fully converted basis) and any similar instrument*]\
 - (iii) All board members, executive officers and Owners who are / were / have family relationships to, government/public officials or employees of any (A) government or government agency, (B) political party (including candidates), (C) public organizations (such as NHAI, State PWD department), or (D) other government- owned or - controlled entity (collectively, "Government/Public Entities"). If none,

please state "none." Further, family includes – husband/wife, son, daughter, brother, sister, mother & father.

5. Do you expect to have any interactions with Government/Public Entities, or government/public officials or employees of the same, on behalf of SIPL? Yes no if yes, please explain.
6. Do you know or have any reason to believe that any government/public official or any other individual will obtain a personal financial benefit as a result of your relationship with SIPL? Yes no if yes, please explain.
7. Have you or your business, or any of its board members, executive officers, Owners or employees, ever been the subject of investigation by a law enforcement or other government agency for alleged violations of, or been found by a Court or agency to have violated, any anti-bribery or corruption laws or any other criminal or securities laws? Yes no if yes, please explain.
8. Have you or your business, or any of its board members, executive officers, Owners or employees, ever been the subject of an investigation by a law enforcement or other government agency for alleged violations of, or been found by a Court or agency to have violated, any employment, health, safety or environmental laws? Yes no if yes, please explain.
9. Have you ever conducted any internal investigation(s) regarding alleged or actual violations of any anti-bribery or corruption laws or criminal or securities laws? Yes no if yes, please explain.
10. Have you ever conducted any internal investigation(s) regarding alleged or actual violations of any employment, health, safety or environmental laws? Yes no if yes, please explain.

CERTIFICATION

I hereby certify that the answers to the foregoing questions are accurate and complete to the best of my knowledge.

Dated: _____ Signed: _____

PRINT NAME AND DESIGNATION

This information is collected for purpose of SIPL's compliance with anti- bribery and corruption laws and employment, health, safety and environmental laws. You agree that in the course of our review we may contact the references you provide and seek further information to confirm your responses from other sources.

Dated _____ Signed

PRINT NAME AND DESIGNATION

APPENDIX 2

STANDARD CONTRACTUAL PROTECTIONS

1. *[Insert relevant Intermediary]* shall not, either directly or indirectly, offer, promise, pay, give or authorize (tacitly or otherwise) any financial or other advantage:
 - (a) to any person in order to induce, influence or reward the improper performance of a function or activity in connection with a business or organization, a person's employment, or a public function; or
 - (b) To any Official to influence that Official in the performance of their Functions in order to retain or obtain business or a business Advantage.
2. *[insert relevant Intermediary]* shall not, either directly or indirectly, request, agree to receive or accept (tacitly or otherwise) any financial or other advantage in connection with the improper performance of a\ function or activity in connection with a business or organization, a person's employment, or a public function.
3. *[Insert relevant Intermediary]* shall comply at all times with Anti-Bribery Law and ESG Law.
4. *[Insert relevant Intermediary]* hereby represents and warrants to SIPL that, as at the date of [this Agreement], it has in place adequate policies, systems, controls and procedures:
 - 4.1. designed to prevent it from violating any Anti-Bribery Law and/or ESG Law; and
 - 4.2. For reporting a violation or suspected violation of Anti-Bribery Law, ESG Law and/or generally accepted standards of business ethics and conduct, and for ensuring that all such reports are fully investigated and acted upon appropriately
5. *[insert relevant Intermediary]* and each member of its group shall use their best endeavors to (i) prevent any person who performs services for or on their behalf from carrying out the activities referred to in clauses 1 and 2 above; and (ii) to ensure such persons comply with Anti-Bribery Law and ESG Law.
6. *[insert relevant Intermediary]* shall notify SIPL immediately of an actual or suspected breach of Anti- Bribery Law and/or ESG Law in connection with any PPP Project on which it is engaged.

7. *[insert relevant Intermediary]* shall facilitate training in relation to ABC and ESG, if so requested by SIPL, for its employees, officers or contractors who are involved in PPP Projects subcontracted by SIPL to the relevant Intermediary

8. If:

8.1. there has been a finding by the Government that *[insert relevant Intermediary]* has committed or otherwise been involved in a breach of any Anti-Bribery Law and/or ESG Law (for example, a court judgment or regulatory order that a violation of any Anti- Bribery Law and/or ESG Law has occurred, or a conviction under any Anti-Bribery Law and/or ESG Law) or a finding that conduct in breach of clauses 1 and/or 2 above has occurred; or

8.2. SIPL reasonably believes that *[insert relevant Intermediary]* has committed or otherwise been involved in a breach of any Anti-Bribery Law and/or ESG Law or has committed a breach of clauses 1 and/or 2 above, such belief to be based on objective criteria, for example and without limitation, a charge sheet or show cause notice from the police, an investigative agency or regulatory authority, a public investigation instigated, anomalies uncovered by SIPL or by the designated compliance officer of SIPL in an audit or control process,

Then:

8.3. in the case of any such finding or belief in relation to any Anti-Bribery Law or a breach of clauses 1 and/or 2 above, SIPL shall have the right to terminate *[this Agreement]* immediately (without damages or other sanction); and

8.4. In the case of any such finding or belief in relation to any ESG Law:

(a) SIPL shall be entitled to commence, and *[insert relevant Intermediary]* agrees that it shall engage in, discussions with a view to *[insert relevant Intermediary]* implementing remedial measures reasonably required by SIPL to address the relevant violation or suspected breach of ESG Law; and

(b) if *[insert relevant Intermediary]* fails to implement the remedial measures to address the relevant violation or suspected breach of ESG Law within 30 days of being notified of such remedial measures, SIPL shall have the right to terminate *[this Agreement]* immediately (without damages or other sanction);

9. In the event of any finding or belief contemplated by clause 8:

9.1. *[insert relevant Intermediary]* shall provide to SIPL all information as may be required by it relating to the matter giving rise to the finding or belief (as applicable) within [30] days of a request by SIPL; and

9.2. *[insert relevant Intermediary]* shall procure that its employees and officers shall promptly give all assistance, information and explanations to SIPL or its employees and its professional advisers as they may reasonably request and if *[insert relevant Intermediary]* fails to comply with clauses [9.1] and/or [9.2], SIPL shall have the right to terminate [this Agreement] immediately (without damages or other sanction).

Definitions

ABC means anti-Bribery and Corruption.

Anti-Bribery Law means the Indian laws applicable to SIPL and its employees and those with whom SIPL and its employees does business to do the same and [name of Intermediary] and their respective employees and projects with regard to ABC; in their current form and in each case as amended, re-enacted or replaced from time to time.

Bribery means the offer, promise, giving, acceptance, solicitation or facilitation of a financial advantage to or by any person, either directly or indirectly, which (i) does or might induce, influence or reward the improper performance or non-performance of any activity or function in either the public or private sector; (ii) is in itself the improper performance of any activity or function; or (iii) is intended to obtain or retain business or a business advantage.

Corruption means dishonest or fraudulent conduct by those in power, typically involving Bribery.

ESG means employment, safety, the Environment and governance.

ESG Law means the Indian laws applicable to SIPL, its employees and those with whom SIPL and its employees does business to do the same and [name of Intermediary] and their respective employees and projects with regard to ESG; in each case, as amended, re-enacted or replaced from time to time.

Government means the government of the Republic of India, any state and/or any political subdivision thereof and any department, ministry, authority, court or other body lawfully exercising powers or functions of government, and the government of any other jurisdiction relevant to [*insert parties to the relevant contract*], their business or their PPP Projects.

Official means (a) any official, employee or representative of, or any other person acting in an official capacity for or on behalf of, any (i) Government (including, but not limited to, someone who holds a legislative, administrative or judicial position of any kind, whether appointed or elected); (ii) government-owned or controlled entity; (iii) political party, party official or political candidate; or (iii) public international organization; or (b) any person who exercises a public function for or on behalf of a country or region or for any public agency or enterprise of (or under the control or supervision of) that country or region.

PPP Project means a project being carried out through the public private partnership route