



BHARAT DYNAMICS LIMITED

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-Bribery and Anti-Corruption Policy (“**ABAC 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 ABAC 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 ABAC Policy supplement the BDL’s Code of Conduct, Discipline, Appeal Rules, 2020 and should be read in conjunction with:
 - a) BDL’s Code of Conduct, Discipline, Appeal Rules, 2020
 - b) The Whistle Blower Policy/Vigil Mechanism;

- c) Integrity Pact
- d) Any guidance published pursuant to this policy;
- e) 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. Company Policy on Anti-Corruption/Anti-Bribery

- 3.1. BDL has zero tolerance approach to bribery and corruption. BDL prohibits all forms of bribery and corruption whether involving, but not limited to Government Officials or a Private Sector persons or Company and whether directly or indirectly.
- 3.2. BDL conducts business with the highest ethical standards and prohibits all forms of bribery and corruption across all units of the Organisation.
- 3.3. 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 – they could be in the form of money, a privilege, an object of value, an advantage, or merely a promise to influence a person in an official or public capacity. Usually, two people are involved and both would benefit. Examples of a bribe include offering or receiving of cash in the form of a kickback, loan, fee or reward, or giving of aid, donations, or voting designed to exert improper influence.
- 3.4. The areas of business where corruption, including bribery, can most often occur include, Gifts, Entertainment and Hospitality, Facilitation Payments; Procurement Process; Political, Community or Charitable Contributions; Improper Performance of Duties; Favours Regarding Recruitment Opportunities.
- 3.5. BDL employees (whether permanent, fixed-term or temporary) to BDL 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. This includes gifts (either cash or kind) or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc. However, the Company and its employees may, with full disclosure, accept and offer gifts of nominal value, provided such gifts are customarily given and/or are of a commemorative nature.
- 3.6. 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. Sham 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 ABAC 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 subcontractors with whom it splits fees;
- ix) A proposed counterparty refuses access to its books and records where requested under the proposed contract.

3.7 Political Contributions: It is the Company's policy that under no circumstances shall Company funds 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.

3.8 Anti-Money Laundering: It is the Company's policy not to have its products or services 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. Compliance Officer

Being a Government Company, the Government of India appoints a Chief Vigilance Officer (CVO) from outside the Organisation, 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 Code of Conduct of the Company. He is also responsible for 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 Organisation. 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

5. 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 authorised to retain accounting firms, outside counsel, or others, as deemed necessary in the discretion of the Chief Vigilance Officer.

6. Responsibility and Penalties

BDL takes the subject of corruption and bribery very seriously. Any violation of this ABAC Policy will be regarded as a serious matter and shall result in disciplinary action as per the BDL's code of conduct, consistent with applicable law and the employee's terms of employment.

7. 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.

8. General

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

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