

Ethics and Fair Business Practices



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Prepared / modified by

Reviewed By & Approved By

Compliance Department	CHRO	CEO	Finance & Investment Committee	Board of Directors
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1. OBJECTIVE

The objective of this Policy is to ensure that all employees, directors, and stakeholders of the Company conduct business with honesty, integrity and fairness.

The Policy aims to promote ethical decision-making, prevent unethical behaviour, and strengthen the Aarti Industries Limited (hereinafter may be referred as "Company" or "AIL") reputation as a responsible and trusted corporate citizen.

2. SCOPE AND APPLICABILITY

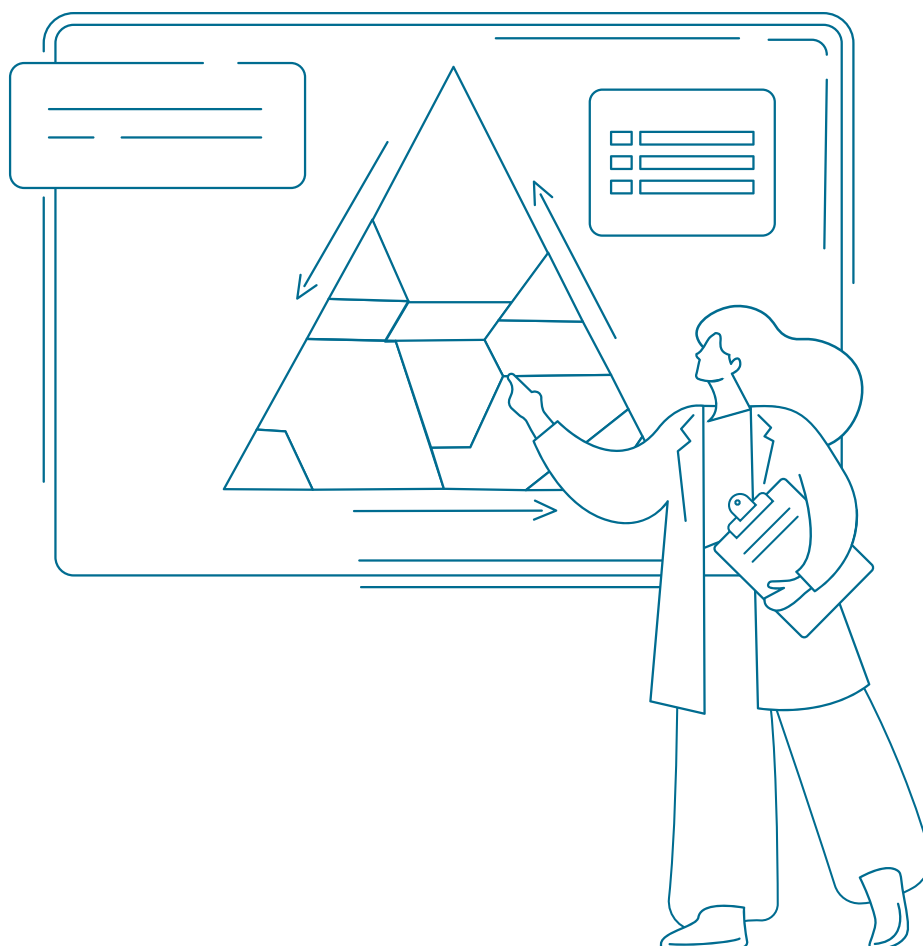
This policy applies to:

- All directors, employees (permanent, contractual, trainees, and interns), and
- Consultants, vendors, service providers, agents, and business associates acting on behalf of the Company.

Guiding Principles

The Company is committed to conducting its operations in a manner that:

- Complies with all applicable laws, rules, and regulations.
- Company's Codes, Policies & Guidelines,
- Promotes honesty, fairness, accountability, and respect.
- Prevents corruption, bribery, and unfair trade practices.
- Ensures fair competition and anti-trust compliance.
- Protects confidential information and intellectual property.
- Avoids conflicts of interest and ensures transparent dealings.





3. ETHICAL STANDARDS

AIL focusses on Key Areas (KA) as follows;

- A. Anti Bribery and Anti-Corruption
- B. Political Contributions
- C. Gifts and Hospitality (G&H)
- D. Anti Money Laundering
- E. Anti-Fraud
- F. Conflicts of Interest
- G. Anti-competitive/Antitrust Practices
- H. No Insider Trading

3A. Anti Bribery and Anti-Corruption

Bribery, Kickbacks and facilitation payment are illegal. Employees or anyone acting on AIL's behalf must not engage in any form of bribery, shall not make or accept kickbacks, facilitation payment of any kind either directly or through any third party (such as an agent or distributor). We have a zero tolerance to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships and implementing and enforcing effective systems to counter bribery and corruption.

Corrupt arrangements with customers, suppliers, government officials, or other third parties are strictly prohibited. "Corruption" generally refers to obtaining, or attempting to obtain, a personal benefit or business advantage through improper or illegal means. Corruption may involve the exchange of "anything of value." "Anything of value" is very broad and could include goods, services or merchandise, such as gift cards, event tickets, retail certificates, entertainment, travel perks, use of vacation homes, free airfare or accommodations, special favours or privileges, donations to designated charities, discounts, free personal services, financial or property loans, co-signing of a loan or mortgage, or a promise of future employment.

Corruption may involve payments or the exchange of anything of value and includes the following activities.

- Bribery (bribery of a government official or commercial bribery)
- Kickbacks
- Facilitation payments

Bribery:

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for action which is illegal or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

Kickbacks:

The term "kickback" includes any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind whether in cash or kind that is provided directly or indirectly to anyone for the purpose of inappropriately or improperly obtaining or rewarding favourable treatment. "Kickbacks" are typically payments made to commercial organizations in return for a business favour/ advantage, such as a payment made to secure the award of a contract.

Facilitating payment:

A facilitating payment is a financial payment that may constitute a bribe and is made with the intention of expediting an administrative process. It is a payment made to a public or government official that acts as an incentive for the official to complete some action or process expeditiously, to the benefit of the party making the payment.

We expect from all to whom this policy applies to;

Exercise Care:

1. In gaining adequate awareness of the expectations set under this policy,
2. In Ensuring its Strict Adherence





Report Concerns:

1. In informing the Incident to the Ethics Committee at Email: <ethics.committee@aarti-industries.com>
2. By Post address to the CHRO / the Company Secretary at Company's Office at 247 Embassy, Tower C, 4th Floor, LBS Marg, Vikhroli (West), Mumbai - 400 083.

3B. Political & Charitable Contributions:

AIL shall not make any form of political contribution, either directly or indirectly, to any political party or candidate running for public elections except in compliance with the applicable laws and regulations and with the consent of the Board of Directors. Company's contributions to charitable organizations shall be for legitimate causes and will be approved and authorized in accordance with the authorizations as per delegation of authority and Company's policy in this regard.

We expect from all to whom this policy applies;

Employees or any person acting on its behalf to engage in or make any kind of promise, commitment to any political party or its representative about any present or in future Contribution to Political Party for any kind of financial or other support, sponsorship, campaigning, promotion etc., which may be considered as spending in lieu of contribution or get involved in Political Contribution, except in the manner and limit as permitted.

3C. Gifts and Hospitality (G&H)

It is important to do the Right Thing. To attain the objectives set under this policy, Gift and / or hospitality includes invitation, sponsorship, favours, to an employee, its immediate family members, relatives or to someone else on their behalf. At AIL, we expect one another to work in the best interests of the company, following fair, transparent and ethical business practices. Gifts, Hospitalities etc. are permitted, if they are appropriate, transparent, and of minor value, and are not given with the intent to influence a business decision. Employees must avoid gifts that could create the appearance of impropriety or violate anti-corruption laws. To classify any incident of Gift, Hospitality, favour, invitation etc. must be evaluated keeping in mind its Nature, Type, Frequency, Value, and its likely impact to influence any present or future business decision. However, in no circumstances its value shall exceed Rs. 5000/- in a financial year, unless it is reported, officially taken on record and approved by the Ethics Committee expressly.

For the purpose of this policy, immediate family members shall include Child, Siblings and Parents of self and spouse including (step and in-laws), Uncle, Aunt and Cousin (Step and In-laws), Members of HUF.)

We expect from all to whom this policy applies to;

Exercise Care:

- a) Employees should be careful when offers of gifts, sponsorship, or donations are made, as these can be interpreted as attempts to improperly influence business decisions.
- b) We expect employees and their immediate family members not to provide, solicit or accept for themselves or others any gifts, favours, business courtesies or entertainment without a legitimate business purpose, nor seek and accept loans (other than conventional loans at Market Rates from lending institutions) from any person or business organization having and seeking business with Aarti Industries Limited to avoid conflict of interest.

Report Concerns:

- a) If there are any questions or concerns regarding the conduct of gifts, employees
- b) are encouraged to contact the Compliance department or their designated contact persons,
- c) to inform the ethics committee if any form of gifts are received / offered that violates the policy.

3D. Anti Money Laundering

Money laundering occurs when the proceeds of serious criminal activities like drug trafficking or terrorist activities make their origin appear legal. It allows criminals to transform illegally obtained gain into seemingly legitimate funds and prevents them from being confiscated by the police. Each employee is expected not to indulge in any such activity in any manner.

Money laundering occurs when the proceeds of crime are hidden in legitimate business dealings, or when legitimate funds are used to support criminal activities, including terrorism. We must be on our guard to help protect our reputation and ensure we comply with the law.





We expect from all to whom this policy applies to;

1. Not to deal with criminals, suspected criminals or the proceeds of crime.
2. To carry out basic due diligence requirements specified by AIL so that we know who we are doing business with.
3. Conducting business with reputable customers for legitimate business purposes with legitimate funds.
4. One must not facilitate the acquiring, ownership or control of criminal property.

3E. Anti-Fraud

Fraud is an act of omission, concealment of a fact, or abuse of position committed with the intent to deceive, gain an undue advantage, or injure the interests of the Company, its shareholders, creditors, or any other person, regardless of whether wrongful gain or wrongful loss occurs.

(reference taken from S. 447 'of CA2013 under definition')

Engaging in any fraudulent activity is treated as the most serious breach of Company's Code of Conduct. Fraud can occur in part of the company, in many ways. Employees must protect the company's assets and to this end, employees must not commit any fraud or be complicit and report any suspected or attempted fraud, unexplained disappearance of funds or assets, or other suspected criminal activity. All fraud cases will be investigated, recovery of losses arising will be pursued and disciplinary procedures will be fully enforced against employees engaged in or complicit in fraudulent acts.

Being a Public Listed Company, AIL, has no tolerance to any kind of fraudulent activity and therefore takes it seriously as it may involve reputational damage too. For the regulatory understanding Fraudulent activity has regulatory consequences as under;

(reference taken from S. 447 ' of CA2013)

- Large-scale fraud: For fraud involving at least ₹10 lakh or 1% of turnover (whichever is lower), the punishment includes imprisonment for six months to ten years and a fine of one to three times the fraud amount. If public interest is involved, the minimum imprisonment is three years.
- Smaller-scale fraud: For fraud below these thresholds and not involving public interest, the punishment can be up to five years imprisonment, a fine up to ₹50 lakh, or both.

You misuse company resources, and commit fraud, when you intentionally conceal, alter, falsify or omit information for your benefit or the benefit of others. Fraud may be motivated by the opportunity to gain something of value (such as meeting a performance goal or obtaining a payment) or to avoid negative consequences (such as discipline).

We expect from all to whom this policy applies;

- Not to alter manufacturing numbers to meet productivity goals
- Not to present false medical information to obtain disability benefits
- Not to Falsely report time worked to earn more pay or to avoid discipline for being late or absent from work
- Not to misrepresent sales or donations of products to obtain unauthorized pricing for a customer
- Not to misstate financial information in our company's books and records

At AIL, we expect one should never compromise honesty and integrity by committing fraud. AIL relies on its internal controls and the personal integrity of all its employees, contractors and directors to protect Company assets against damage, theft and other unauthorized use.

3F. Conflicts of Interest

(reference taken from 'Ethics' Para IIB of CoC)

We expect loyalty and integrity from all our employees. This means that all employees will act solely in the interests of the Company within the scope of their employment in the Company. Private or personal business interests must not be allowed to interfere with or obstruct the business interests of the Company. A conflict of interest exists when actions or private interests interfere in any way – or even appear to interfere – with the interests of the Company.





Every employee is expected to disclose any potential conflict of interest to the CHRO or the Chief Compliance Officer and take measures to get it resolved to bring to a level of fair business practices. The employee is also liable to disclose to the Company Secretary or Chief Compliance Officer, about any change of his / her interests and his / her relative's interest in any Company, Firm, Body Corporate who directly or indirectly deals with AIL or its subsidiaries, for transfer of resources, services and obligations in a manner as required under the prevailing regulatory requirements.

As employees, we must ensure that our personal activities and interests do not conflict with our responsibilities to the company. We must avoid even the appearance of a conflict of interest. It is not an employee's responsibility to determine whether a conflict ultimately is found to exist. Rather, it is the employee's responsibility to disclose the potential conflict, so that management can address the situation.

Conflicts of interest may arise when you, a family member or a friend:

- Engage in activities that compete with, or appear to compete with, our company's interests
- Let your business decisions be influenced, or appear to be influenced, by personal or family interests or friendships
- Use company property, information or resources for personal benefit or the benefit of others
- Hire, supervise or have a direct or indirect line of reporting to a family member or someone with whom you have a romantic relationship
- Have outside employment that negatively affects your job performance or interferes with your All responsibilities
- Work for, provide services to, have a financial interest in or receive any personal benefit from a supplier, customer, competitor or a company that does or seeks to do business with AIL if such relationship or interest could influence, or appear to influence, your business decisions.

You must disclose potential conflicts of interest to our company. Remember, having a conflict of interest is not necessarily a Code violation, but failing to disclose it is.

We expect employees to;

- Disclose potential conflicts of interest to the CHRO or Chief Compliance Officer. Remember, having a conflict of interest is not necessarily a Code violation, but failing to disclose it is.
- If at any time in your employment you think that you may have a potential or actual conflict of interest, you have an obligation to disclose the conflict promptly to our company so that a determination can be made as to the existence and seriousness of an actual conflict. Many times, conflicts can be resolved by an open and honest discussion. Certain material conflicts may require the acknowledgement of your confidentiality obligations, reassignment of roles, or recusal from certain business decisions.

Putting Conflict of Interest Concepts into Practice: To determine if you have a conflict of interest that should be disclosed, ask yourself these questions:

- Do my outside interests influence, or appear to influence, my ability to make sound business decisions?
- Do I stand to benefit from my involvement in this situation? Does a friend or relative of mine stand to benefit?
- Could my participation in this activity interfere with my ability to do my job?
- Is the situation causing me to put my own interests ahead of All's interests?
- If the situation became public knowledge, would I be embarrassed? Would AIL be embarrassed?

3G. Anticompetitive/Antitrust Practices

(reference taken from 'Ethics' Para II C of CoC)

The Company stands for fair and undistorted competition. The Company expects its employees to refrain from taking part in agreements or concerted practices with other companies that restrict competition or breach antitrust laws.

Antitrust laws protect free enterprise and fair competition. Supporting these principles is important to us, not just because it is the law, but because it is what we believe in. We expect AIL employees to play their part in combating illegal practices. These include price fixing, market sharing, output limitation or bid-rigging, and anticompetitive or monopoly practices. Be vigilant in not entering into any kind of inappropriate conversation or agreement with our competitors.





We expect employees not to;

- Agree with competitors, even informally, to fix price or any element of price, such as discounts, surcharges or credit terms.
- Agree with competitors to reduce or stabilise production, capacity or output.
- Agree with competitors to divide up particular customers, accounts or markets.
- Rig bids or tenders.
- Agree with others to boycott any customer or supplier except in connection with internationally imposed government sanctions.
- Keep quiet if we know of any potentially anti-competitive practices or if we are uncertain whether or not practices are legal.

Competitive information is important to company's business success and there are legal and ethical ways to collect the data. Employees can help avoid having substantial civil and criminal penalties imposed on the company and themselves by complying with company's guidelines.

- Do not misrepresent oneself or the reason for requesting information
- Do not steal any information from a competitor or another business
- Consult EC if in any doubt

3H. No Insider Trading

(reference taken from 'Ethics' Para II F of CoC)

The employees possessing insider information i.e. specific confidential information that could have a potential influence on the price of Company's shares, are not allowed to use this information for the trading of shares or other financial instruments, nor can they pass on insider information to third parties or use it for recommending the purchase or sale of shares and other financial instruments. All concerns are therefore expected to adhere to the Company's 'Code on Prohibition of Insider Trading' and relevant regulations in that respect. In the Company's day-to-day operations, it is possible that whilst interacting with employees, who are not covered by the Insider Trading Code, during business meetings, presentations, reviews, etc. information/data sharing which is not as yet in the public domain takes place. In such cases, these employees must not purchase or sell the Company's shares based on such information. Employees must also not share such information with their families, relatives, friends, etc., which could influence their decision to buy or sell the Company's shares.

We expect our employee to:

- Disclose or Receive information only on need-to-know basis,
- Get aware of the nature of information in your possession - if it is 'Confidential', Non-Public, Price Sensitive, or otherwise Restricted.
- Abide strictly by the obligation attached to it and do not disclose it to anyone including your near and dear ones.
- Do not deal in the Company's Shares directly or indirectly or instigate or encourage others to deal in the Company's Shares based upon the Information in your possession i.e. Non-public or Confidential or Price sensitive or is likely to influence the decision of an investor.
- Ensure strict adherence to the Company Code on 'Prevention of Insider Trading' put on the Company's Website.





4. Expectation from the employees of AIL

Every employee must ensure that he / she shall read, understand and comply with this Policy. If any employee has doubts or concerns, he / she should contact the Ethics Committee. The prevention, detection and reporting of bribery, fraud, money laundering, anticompetitive practices and other forms of corruption/ malpractices are the responsibility of all those working for AIL or under AIL control. All employees are required to avoid any activity that might lead to, or suggest, a breach of this policy. Employees must notify the Ethics committee as soon as possible if you believe or suspect that a breach of or conflict with this Policy has occurred or may occur in the future. Any employee who breaches this Policy will face disciplinary action, which could result in dismissal. We reserve our right to terminate our relationship with concerned if breach of this Policy is found. Any breach of this Policy would also result in imposition of large fines/ imprisonment on the individual/ the Company as the case may be or termination of contract with a Third Party.

5. How to raise concern

Every employee and person, to whom this policy applies to, is encouraged to raise their concerns or issues in any of the KA's described above or suspicion of any malpractice at the earliest possible stage. If he / she is unsure whether a particular act constitutes bribery or corruption or if he/ she has any other queries, these should be raised with the Ethics Committee.

6. What to do if you are a victim of violating KA?

It is his/ her responsibility to inform/ report it to the Ethic committee as soon as possible. If you are offered a bribe by a third party, or you are asked to make one, or you may be knowingly or unknowingly part of money laundering, fraud or antitrust etc and suspect that this may happen in the future or believe that you are a victim of another form of corruption or other unlawful activity, you must explain our policy to third party against accepting or making such payment and make it clear that the refusal is final and non-negotiable because of this Policy. If you encounter any difficulty making this refusal, you should seek assistance from the Ethic committee immediately.

7. Protection / Non retaliation

Employees who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. All's Whistleblower Policy supports to maintain the confidentiality nature of the person reporting any kind of malpractices. We encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Ethics Committee immediately.

8. Training

To ensure that all the employees are completely familiar with the provisions of this Policy, AIL shall provide training and resources, as appropriate.

9. Communication

The Policy shall be displayed to all employees through the intranet portal of AIL and to third parties through its corporate website. Through various discussions/ communication forums, AIL shall create awareness about this Policy.

10. Monitoring, Review and Reporting

The Ethics Committee will monitor the effectiveness and review the implementation of this policy regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Managers at all levels are responsible for ensuring that those reporting to them are made aware of and understand this Policy, undertake training on how to implement and adhere to it and also monitor compliance of it. Every person / employee to whom this policy applies is responsible for the success of this Policy and should ensure that he / she should use it to disclose any suspected activity or wrongdoing.

Ethics committee shall investigate any complaint received for violation, take corrective action under disciplinary action plan (DAP), make report on number of cases reported, found and action taken against it in each of KA's.





11. Ethics Committee (EC)

The Ethics Committee shall comprise of 5 or more members and shall include;

- a) Chief Manufacturing Officer,
- b) Chief Human Resources Officer,
- c) Chief Financial Officer,
- d) Chief Compliance Officer or Company Secretary, and
- e) Any other as nominated by the Finance & Investment Committee of the Board OR by the Chief Executive Officer of the Company.

The Chairman of the Ethics Committee shall act as the Ethics Officer and be nominated by the Finance & Investment Committee of the Board.

This policy including any amended thereof forms a part of contract of employment.





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