

# ANTI-CORRUPTION AND TRADE CONTROL COMPLIANCE POLICY

## I. Introduction

JSW Ispat Special Products Limited (Formerly known as Monnet Ispat and Energy Limited) (together with its subsidiaries and controlled joint ventures the “**Company**”) is committed to conducting all aspects of its business in keeping with the highest legal and ethical standards and expects all employees and other persons acting on its behalf to uphold this commitment. In accordance with this commitment, the Company has adopted this Anti-Corruption Compliance and Trade Control Compliance Policy (the “**Policy**”), which is applicable to all directors, officers, employees, agents, representatives and other associated persons of the Company (collectively “**Company Personnel**”).

In brief, the Company will not tolerate bribery, kickbacks, or corruption of any kind, directly or through third parties. Company Personnel are not permitted to give or offer anything of value (including gifts, hospitality, or entertainment) to anyone for the purpose of improperly obtaining or retaining a business advantage. Similarly, Company Personnel may not solicit or accept such improper payments, knowingly cooperate or cover up the payment of a bribe or other illegal payment, or to suspect an illegal payment but turn a blind eye to it.

Furthermore, it is the Company’s policy to comply in all respects with trade sanctions and export control laws and regulations of the United States and the jurisdictions where the Company operates. For example, the Company and its personnel may not transact business directly or through agents or distributors with persons in Cuba, Iran, North Korea, Syria, or the Crimea region of Ukraine. Additionally, there are a number of individuals elsewhere in the world listed on targeted sanctions lists with whom the Company and its personnel are prohibited from transacting business by applicable sanctions laws.

This Policy and the internal controls herein have been designed to prevent such violations from occurring, avoid the appearance of wrongdoing and enable Company to respond promptly and effectively to any inquiries about its conduct. Company employees who violate this Policy may be subject to disciplinary action, up to and including termination. The pages that follow provide a general guide to anti-corruption compliance but do not address every potential scenario that may implicate issues bearing on compliance with this Policy. Therefore, any Company Personnel who have any questions concerning the requirements of this Policy should consult with the chief financial officer of the Company, who has been designated as the Company’s compliance-responsible officer.

## II. Our Anti-Corruption Policy

### A. Company Personnel shall not be permitted to pay or receive bribes.

Company Personnel must conduct their activities in full compliance with this Policy and with applicable anti-corruption laws, including the Prevention of Corruption Act, 1988, as amended, the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), the UK Bribery Act, 2010, and any other anti-corruption laws in effect in the jurisdictions where the Company conducts business (“**Anti-Corruption Laws**”).

Under this Policy, Company Personnel are not permitted to give or offer anything of value, directly or indirectly, to any Government Official<sup>1</sup> or any commercial party for the purpose of improperly

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<sup>1</sup> The term “Government Official” includes all officers or employees of a government department, agency or instrumentality; customs officials; candidates for political office; and officials of public international organizations (*e.g.*, the Red Cross). This term also includes government-owned or controlled commercial enterprises such as state-owned or controlled universities, airlines, oil companies, health care facilities, or other vendors.

obtaining or retaining a business advantage. “Anything of value” should be broadly interpreted to include cash, gifts, forgiveness of a debt, loans, personal favors, entertainment, meals and travel, charitable contributions made at the direction of another for an improper purpose, business opportunities and medical care, among other items. This restriction includes a prohibition on providing such items to friends and family of Government Officials or commercial parties. Simply put, bribes, kickbacks or similar payments are never permitted, whether made to a Government Official or to customers, investors, clients or other private parties. Similarly, Company Personnel may never offer, solicit or accept such payments.

If confronted with a request or demand for an improper payment or other violation of this Policy, the request or demand must be immediately rejected and reported to the Company’s chief financial officer. Similarly, if any employee or agent knows or believes that an improper payment has been or will be made, the employee or agent must also report such payment to the Company’s chief financial officer. The Company’s policy is that no adverse employment action will be taken against any personnel in retaliation for, honestly and in good faith, reporting a violation or suspected violation of anti-corruption laws or this Policy.

## **B. Gifts, Meals, Entertainment and Employment**

This Policy sets forth various rules relating to gifts, entertainment, travel, meals, lodging and employment. All such expenditures must be recorded accurately in the books and records of the Company, in accordance with Section V, below.

### **1. Gifts**

As a general matter, the Company prohibits the provision of gifts. However, the polite and customary conduct of business may require that Company Personnel give modest gifts to counterparties as a token or courtesy.

Therefore, Company Personnel may provide token gifts of reasonable value and modest items as part of customary business conduct if (1) the gift is under INR 1,500 in value, (2) the gift does not involve cash or cash equivalent gifts (*e.g.*, gift cards, pre-paid store cards, gambling chips); (3) the gift is permitted under both local law and the policies of the recipient’s employer; (4) the gift is presented openly with complete transparency; (5) the gift is properly recorded in the Company’s books and records; and (6) the gift is provided as a token of esteem, courtesy or in return for hospitality and comports with local custom. Company Personnel may also receive token gifts that meet the above criteria.

**Examples of appropriate token gifts are corporate calendars, pens, mugs, books, T-shirts, bouquet of flowers, dry fruits, sweets etc. of reasonable value. Before gifts that exceed token values and other requirements may be given or received, the approval of Company’s chief financial officer is required in writing.**

### **2. Entertainment and Hospitality**

Similarly, the Company views corporate entertainment and hospitality as inherently compromising, and to be avoided unless such hospitality is of a reasonable value (*i.e.*, not extravagant) and serves a legitimate business purpose. Entertainment and hospitality involving Government Officials and customers may be appropriate in certain circumstances. The Company permits entertainment if the applicable expenses (1) are related to the promotion of the Company’s products or services or to the execution or performance of its contract with a customer; (2) are permitted under local law; (3) are customary under local business practices; (4) are reasonable under the circumstances and not lavish or extravagant; and (5) avoid the appearance of impropriety.

When possible, business entertainment payments should be made directly by the Company to the provider of the service, and should not be paid directly to a Government Official or other party as a reimbursement.

All business entertainment expenses, regardless of amount or attendees, should be properly documented in an expense report. Such expense report shall enumerate the attendees, including the name of each attendee and his or her title and place of employment, and provide a detailed business purpose for the entertainment.

Please note that in addition to traditional gifts, both hospitality and entertainment that are provided to business relationships where the Company professionals are not in attendance, and instances where the Company pays for travel related expenses for a Government Official, shall be considered gifts, and subject to the rules and requirements for gifts specified in this Policy.

**Before hospitality or entertainment that exceeds token values and other requirements may be given or received by any Company Personnel, the approval of Company's chief financial officer is required in writing.**

### **3. Travel and Lodging**

Similarly, reasonable and bona fide travel expenditures paid on behalf of customers are discouraged, but may be permissible in certain circumstances. Permissible payments may cover the costs of travel for a Government Official or customer to visit the Company's offices and discuss the Company's qualifications for projects within the official's responsibility or travel in connection with a project status review. Travel expenses shall not be extravagant or lavish, and may include (1) coach/economy airfare; (2) basic lodging; and (3) ground transportation costs during the trip. Payment of cash *per diems*, expenses unrelated to legitimate business activities, and expenses that benefit a friend or family member of a customer are prohibited in all cases.

Direct reimbursements should also be avoided. Rather, reimbursements should be made to the business entity that employs the expense recipient. For example, reimbursements for the cost of a hotel or a meal shall be made directly to the employer of the beneficiary—not the beneficiary himself.

**Any travel expenditure of any kind, whether to be made as a reimbursement to the recipient's employer or directly to the expense recipient, requires specific advance written approval of the Company's chief financial officer in all cases.**

### **4. Special Rules for Government Officials**

Because of the heightened corruption risk inherent in interactions with Government Officials, **Company employees must obtain pre-approval from the Company's chief financial officer for any gifts, meals, entertainment, hospitality, travel, or lodging provided to any Government Official regardless of value.**

### **C. Facilitation Payments**

"Facilitation payments" are payments to secure the performance of routine governmental action by a Government Official and do not include discretionary decisions or acts. Generally, these are small payments to "speed up" or "encourage" an otherwise routine government action, such as providing phone or water service. In accordance with applicable anti-corruption laws, the Company has a

general policy prohibiting the giving or receiving of facilitation payments or kickbacks of any kind by Company Personnel.

#### D. Political Contributions and Charitable Donations

It is the Company's policy that under no circumstances will Company funds be used to make contributions to political parties or political candidates, even if such contribution are otherwise lawful. Similarly, individual employees or agents may not make political contributions on behalf of the Company; and individuals are prohibited from making political contributions in their personal capacity with an intent to obtain or retain business or to gain an improper business advantage for the Company.

As a good corporate citizen, the Company is committed to supporting charitable and civic activities in accordance with Indian legal requirements. However, any charitable contributions by the Company must: (1) be permitted under the law; (2) satisfy the requirements of this Policy and the CSR Policy of the Company, if any; (3) be made to a *bona fide* organization, and (4) be approved by the Company's Board of Directors.

The Company's chief financial officer must be notified if a Government Official solicits a political or charitable contribution in connection with any government action related to the Company.

### III. Our Sanctions Policy

#### A. Overview

Economic sanctions are financial, trade, and travel-related restrictions and embargoes targeting individuals, companies, and countries. Sanctions may be imposed by governments (e.g., the European Union member states and the United States) as well as international organizations (such as the United Nations) and are generally designed to (1) penalize past conduct; or (2) compel the targeted individual, entity or country to change its current conduct. **The Company strictly prohibits violations of applicable economic sanctions and expects all employees to raise promptly any questions about the applicability of sanctions or about the screening procedures outlined in this policy.**

#### B. Relevant U.S. Regulations

The Office of Foreign Assets Control ("OFAC") is an office within the U.S. Department of Treasury that has responsibility for administering, implementing, and enforcing economic sanctions. OFAC violations carry meaningful financial and possible criminal penalties. OFAC administers three types of sanctions programs:

<b>Country-Based Sanctions</b>	Country-based sanctions are wide-ranging sanctions that prohibit U.S. Persons from engaging in virtually all business and dealings with any individual ordinarily resident in, entity located or organized in, or government entity of a targeted country (each, an " <b>Embargoed Country</b> ").
<b>List-Based Sanctions</b>	List-based sanctions are targeted sanctions that prohibit U.S. Persons from engaging in transactions with (1) persons on the Specially Designated Nationals List and (2) entities majority owned by persons on the Specially Designated Nationals List (" <b>Blocked Persons</b> ").
<b>Sectoral Sanctions</b>	Sectoral sanctions are targeted sanctions that prohibit U.S. Persons from engaging in certain transactions with Russian financial institutions, Russian defense companies, and Russian energy firms.

**Note:** As of the date of this Policy, the following countries and regions are subject to comprehensive country-base sanctions that prohibit nearly all business transactions: Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine.

**Note:** Entities and individuals specifically targeted by OFAC’s List-Based Sanctions are included on OFAC’s Specially Designated Nationals and Blocked Persons List, which is available in a searchable tool online, at:

<https://sanctionssearch.ofac.treas.gov/>

These and other similar programs administered by OFAC also prohibit U.S. persons from “facilitating” activities with sanctioned persons or in sanctioned geographies that would violate OFAC sanctions if conducted directly by a U.S. person. In other words, a U.S. person may not assist or support another’s transaction as a means of avoiding or seeking a way around U.S. regulations.

Examples of prohibited facilitation include:

- Approving, financing, or providing transportation or insurance for transactions involving Embargoed Countries or Blocked Persons;
- Filling orders through a third party for Embargoed Countries or Blocked Persons; and
- Referring business requests from Embargoed Countries or Blocked Persons to a third party (*e.g.*, a colleague or a competitor in a jurisdiction outside of the United States).

### **C. Relevant EU Regulations**

Within the framework of the EU’s Common Foreign and Security Policy, EU sanctions are imposed through EU Regulations that have direct effect on all EU Member States. Each EU Member State has its own “competent authority” that is responsible for implementation of these sanctions by adopting local laws and regulations. Much like the United States, the European Council passes “restrictive measures” against countries, entities, or individuals. These restrictive measures include arms embargoes, travel bans, financial restrictions, and trade restrictions. Accordingly, it is important to ensure compliance with both European Union law and the local law implementing a European Union-level sanction. Violations of the EU sanctions can be a criminal offense.

The European Union maintains list-based sanctions to further the objectives of the EU’s Common Foreign and Security Policy, and to prevent the financing of terrorism. Persons or entities targeted by restrictive measures are included on the EU Consolidated List and are referred to as “Designated Persons.” Persons subject to European Union rules are required to freeze all funds and economic resources of persons included on the List, and are prohibited from making funds or resources available to them. There is some overlap between the U.S. Specially Designated Nationals List and the EU Consolidated List of Designated Persons, but the lists are not identical; accordingly, it is necessary to monitor both lists.

### **D. Screening Procedures**

In order to avoid violating the sanctions programs described above, Company personnel will:

1. Not deal directly or knowingly indirectly with persons in sanctioned geographies (presently, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine), which

requires personnel to exercise diligent efforts and common sense to be alert to red flags for such activity<sup>2</sup>;

2. Before engaging with a new customer, supplier, vendor, or other trade counterparty outside of the United States, take reasonable steps to determine the owners of that company, and work with the legal department to check that company and its owners against sanctions lists maintained by OFAC, as outlined in the Company's Third Party Due Diligence Procedure;
3. When entering a new relationship with a distributor or re-seller, ensure that the party's contract with the Company includes appropriate geographic restrictions and documentary protections barring re-sale of Company products in a manner that would violate sanctions;
4. Take reasonable steps, including vetting during the due diligence process, to ensure that the Company is not sourcing goods, labor, materials, or parts from sanctioned geographies; and
5. Promptly report any suspicions, red flags, or observed wrongdoing to the Company's chief financial officer or via the reporting methods discussed in Section VII, below.

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To summarize, Company personnel should not transact business related to any sanctioned geographies, or with any sanctioned persons or companies, without first discussing the proposed transaction with legal department of the Company, if any, and in its absence, with the Company's chief financial officer. Company Personnel should be alert for and promptly elevate any questions or concerns relating to sanctioned persons or companies to the legal department of the Company, if any, and in its absence, to the Company's chief financial officer.

#### **IV. Relationships with Third Parties**

Anti-Corruption Laws prohibit indirect payments made through a third party, including giving anything of value to a third party while knowing that value will be given to a Government Official for an improper purpose. Sanctions regulations similarly prohibit using third parties to accomplish what the Company cannot directly—e.g., selling Company products or services to a sanctioned end user via a third-party distributor. Third parties can include, but are not limited to, distributors, re-sellers, consultants, vendors, agents, or any other individual or entity working on behalf of the Company. Company Personnel should avoid situations involving third parties that might lead to a violation of this Policy.

The Company expects the third parties it engages to conduct their business activities in accordance with this policy. Company employees who deal with third parties are responsible for taking reasonable precautions to ensure that the third parties conduct business ethically by taking the following steps:

1. Conducting a risk-based due diligence review and inquiries before entering a commercial relationship with a third party;
2. Briefing third parties about this Policy and its requirements, and requiring the third party to certify that it has not violated and will not violate this Policy and any applicable anti-corruption and sanctions laws during the course of its business with the Company;

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<sup>2</sup> For example, a purchaser has a billing address in the United Arab Emirates, but requests to use a delivery address in Iran; or, during a basic online search of a new distributor, a Company employee develops a suspicion that the distributor is based in or has a meaningful presence in Cuba or another sanctioned geography.

3. Inserting appropriate anti-corruption compliance provisions in the third party's written contract, including a provision enabling the Company to withdraw from or terminate the business relationship if the third party breaches its anti-corruption obligations; and
4. Ensuring that the fees, commission, or other compensation paid to the third party during the engagement are appropriate and justifiable, and continuing to monitor the reasonableness and legitimacy of the services provided by the third party.

Company Personnel should pay particular attention and closely monitor high-risk third parties whose engagement may involve interactions with Government Officials, including for purposes of obtaining permits, clearances, authorizations, or similar approvals or review by a governmental authority or agency.

## **V. Recordkeeping and Internal Controls**

This Policy requires that all expenditures made by the Company are accurately reflected in the Company's financial records and that all payments made with Company funds, or on behalf of the Company, have been properly authorized. Company Personnel must follow all applicable standards, principles, laws and practices for accounting and financial reporting. Company Personnel must prepare all reports and records required by management in a timely manner. In particular, Company Personnel should ensure that no part of any payment is to be made for any purpose other than that to be fully and accurately described in the Company's books and records. Company Personnel should use best efforts to ensure that all transactions, dispositions, and payments involving Company funds or assets are properly and accurately recorded in the Company's financial records. No undisclosed or unrecorded accounts should be established for any purpose. False or artificial entries should not be made in the Company's books and records for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy.

The Company's chief financial officer is primarily responsible for the oversight and enforcement of this Policy. The Company will conduct periodic audits of its books and records to monitor compliance with this Policy.

## **VI. Training**

As part of the Company's ongoing commitment to anti-corruption and sanctions compliance, all employees must receive and review a copy of this Policy. All such employees must then certify in writing that they (1) have reviewed the Policy; (2) agree to abide by the Policy; and (3) agree to report any potential violations of the Policy.

In addition, the Company will offer regular anti-corruption and sanctions compliance training programs, to educate employees about the requirements and obligations of anti-corruption laws and this Policy. All employees of the Company must participate in such training and the Company's chief financial officer must retain attendance records establishing compliance with this requirement.

Furthermore, the Human Resources Department of the Company, if any, and in its absence, the Company's chief financial officer will ensure that an Anti-Corruption Policy Certification is collected from each employee on an annual basis. (See Exhibit A to this Policy).

## **VII. Reporting Requirements and Whistleblower Protection**

The prevention, detection and reporting of bribery and other forms of corruption is responsibility of all those who are working with the Company. The Company takes its commitment to compliance

very seriously and expects all Company Personnel to share that commitment. Employees should avoid any activity that may lead or suggest a breach of this Policy.

In addition, the Company expects and requires that any Company Personnel who have knowledge of, or reason to suspect, any violation of this Policy, contact the Company's chief financial officer immediately. Reports may be made anonymously. If any Company Personnel fails to report known or suspected violations, then the relevant Company Personnel may be subject to disciplinary action, up to and including termination.

It is the Company's policy that, if the report of known or suspected violations is made honestly and in good faith, no discrimination or adverse employment-related action will be taken against any Company Personnel in retaliation for reporting a violation or suspected violation of Anti-Corruption Laws or this Policy.

All questions regarding this Policy should be directed to the Company's chief financial officer.

**Adopted: October 15, 2018**