



## BUSINESS PARTNER POLICY

Being an important element of BEIL Group's Integrity Compliance Program and the internal control system, this Policy sets the requirements for establishing contractual relations between BEIL Group and its current or future business partners globally.

BEIL Group consists of BEIL Infrastructure Limited, Enviro Technology Limited, BEIL Research and Consultancy Private Limited, Kerala Enviro Infrastructure Limited, Shivalik Solid Waste Management Limited, Coimbatore Integrated Waste Management Company Private Limited, Gharpure Engineering and Constructions Private Limited, Gharpure Engineering Vasai Virar STP Private Limited and Tatva Global Water Technologies Private Limited.

“**Compliance Officer**” wherever mentioned in this document refers to Compliance Officer of the Group.

### 1. Purpose

We are aware that we may be held liable for act of corruption by third parties or any individual or entity that has some form of business relationship with us. Therefore, before entering into such relationships with such parties, we have taken active steps to draw up a policy to ensure that potential corruption risks flowing from these relations are responsibly evaluated and subsequently managed.

This Policy establishes the criteria and procedures for engaging business partners and provides guidance for documenting the relationship with the business partners. In essence, this policy is to ensure we do business only with ethically acceptable business partners.

### 2. Guiding Principles

“**Business Partners**” means suppliers, service provider, contractors, agents, consultants and joint-venture partners or any other business partner acting for BEIL Group or on BEIL Group behalf. This shall cover all employees of our business partners, including permanent, temporary and agency-provided.

In order to maintain highest standards of integrity in all our dealings with business partners, the Company shall ensure that:



- Appropriate due diligence is conducted and properly documented prior to engaging a business partner.
- Any potential conflict of interest is resolved prior to engaging the business partner.
- Business Partner Code of Conduct is communicated to all business partners and signed-off by them.
- Anti-bribery contracting provisions are incorporated in the orders/contracts.

Only when we are confident that we have sufficiently robust information about the proposed business partner and the specifics of the business relationship, we will be in a position to decide whether to go ahead or not with the proposed business relationship. This decision will be documented supported by the rationale for the decision alongside any risks exposed during the due diligence process.

### **3. Due diligence on business partners - Business Partner Policy**

- 3.1. Business Partner Code of Conduct requires business partners to conduct their activity in a fair and ethically responsible manner and always in compliance with applicable laws and regulations, including the applicable anti-corruption laws.
- 3.2. Key requirement of due diligence is to know one's partner in business and operations. This means making appropriate inquiries to determine whether an organization's existing or prospective business partners are honest and can be reasonably expected to refrain from corruption.
- 3.3. BEIL Group requires mandatory due diligence prior to appointing a new business partner, refresher due diligence at an interval of three years or/and in case of any critical updates [refer Para 3.7 (h)] for active business partners. It also provides for training to business partners on what is expected of them with regard to compliance with our core principles and for monitoring that they act in accordance with the core principles.
- 3.4. A risk based due diligence process is in place to assess exposure of each of the business partners to the risk of Fraud, Corruption, Collusion and Coercion. It is the responsibility of respective business units to ensure that all relationships with business partners are subject to the

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appropriate risk related due diligence process and other relevant activities completed in accordance with this policy.

- 3.5. A due diligence process comprises of three steps:
  - a) Gathering Data
  - b) Verification and validation of data
  - c) Evaluation of results, including identification of potential red flags
  
- 3.6. Business partners shall be categorized into high and low risk based on a blend of parameters, including but not restricted to:
  - a) Proposed scope of work requires Business Partners to Interact with public/government officials on our behalf Including Assistance in Liasoning, Government inspections
  - b) Proposed scope of work Expose us to high bribery, corruption risk
  - c) Business partners have ex-public officials in their Entity
  - d) Business Partner is Sole material/service provider
  - e) Execution of contract with Business Partner is above threshold value
  - f) Identification of any red flag from the compliance questionnaire of business partners
  - g) Any non-compliance found on GST Portal
  
- 3.7. The due diligence process of potential / current business partner's documentation and information procured from databases and external due diligence providers is made with the purpose of evaluating the potential or current business partner's commercial skills and capability, legal capacity, financial soundness and its goodwill/business reputation. The evaluation process consists of the following steps:
  - a) Initial dialogue between BEIL Group companies and the potential/current business partner. It must be ensured that there is a justifiable business purpose to engage a business partner and the same shall be documented
  
  - b) BEIL Group may evaluate the answers to the Questionnaire and other submitted documentation.
  
  - c) Based on above mentioned risk parameters, BEIL Group may decide to initiate an enhanced due diligence of the potential/current business partner company and/or its key employees/owners for high risk business partners. The process may include verification of the following aspects:

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- Ownership, corporate affiliations, and management information including background of key individuals and executives, their jurisdictional footprint, professional history and associations
  - Reputation check of business partners and/or its key executives including existence of negative public reports and adverse media findings, particularly any recent allegations of corruption, fraud, collusion, coercion and other misconduct
  - Strength of credentials to serve the company
  - Reasonableness of the anticipated compensation to the third party
  - Past or pending disputes, litigation and regulatory proceedings
  - If the business partner operates in or uses banking facilities in high risk territories/jurisdictions.
- d) Enhanced due diligence procedures may involve public domain searches, discreet inquiries, interviews with key executives and project teams, in-person discussions, and site audits to understand the methodology of how the work will be undertaken and walk through of the compliance requirements of the entity. We may engage professional firms/agencies to assist in conducting enhance due diligence and documenting the same.
- e) Red flags emanating from the due diligence shall be documented and addressed with mitigating measures in place to assess the level of seriousness of the red flag(s) identified. We may decide to not go ahead and blacklist high risk business partners having unresolved observations based on the enhanced due diligence.

Examples of common “red flags” involving third parties include:

- The transaction involves a country known for a high incidence of corrupt payments.
- A reference check reveals a flawed background or a reputation for getting “things done” regardless of the circumstances or suggests that for a certain amount of money, he can fix the problem.
- The third party requires that his/her identity not be disclosed as part of the business transaction.
- Inadequate credentials for the nature of the engagement or lack of an office or an established place of business.

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- f) BEIL Group shall ensure that business partners are being paid as per the terms and conditions decided on arms-length basis. For compliance of this section the BEIL Group shall ensure appropriate competitive process of
- selection of business partner,
  - comparing the technical and financial details of the product or services to be obtained from the prospective business partner,
  - conducting a transparent negotiation and
  - recording negotiated terms duly agreed by the business partner.
  - In case of sole/single business partner selection, a justification note for single party shall be documented and approved as per the authority matrix.
- g) The decision making in relation to a potential or current business partner is based on a number of factors, including evaluation of information, documentation furnished by the business partner, competitive quotes, bids received from similar entities and result of the due diligence process. We will apply the following system of approval for determining whether or not to move forward with the business partner:
- Low-risk: Procurement team of the business unit is responsible for reviewing, approving and documenting the business relationship. The Compliance Officer shall quarterly review the records of business partners that have been classified as “low risk”-on a sample basis.
  - High-risk: Along with the above, the Compliance Officer shall be involved in the evaluation and approval process.
- h) Due diligence documentation for each business partner shall be maintained to assess if the risk type assigned to business partners needs modification and are there any critical updates. Critical updates may include significant change in shareholding or senior management, joint venture/association/merger/demerger of vendor entities, change in nature of work resulting in change in vendor risk type, adverse news regarding reputation / regulatory proceedings, change in sub-contractor/s engaged by the empaneled vendor etc.



#### **4. Inform partner of Integrity Compliance Program**

The Business Partners are subject to due diligence and submission of undertaking regarding compliance of the Business Partner Code of Conduct. The Business Partner should be informed about the Integrity Compliance Program and asked to support in the due diligence process including submission of accurate, necessary documentation and compliance undertaking. The Business Partners shall also be apprised of the whistle-blower policy of the company.

#### **5. Proper Documentation and Monitoring / Oversight:**

- 5.1. BEIL Group shall obtain and document confirmation of compliance with the Business Partner Code of Conduct at the commencement of relationship and at the time of refresher due diligence at an interval of three years.

BEIL Group required to keep quotations, work orders, invoices, proof of delivery/performance, memoranda, due diligence documentation and other records relating to dealings with Business Partners. The documents as per the Company policy and procedures should be prepared and maintained with strict accuracy and completeness. No records / accounts must be kept "off-book" to facilitate or conceal improper payments. Further, such records should be stored in a repository and be readily available.

- 5.2. Departments working with business partners must ensure the delivery of work is as per the terms of engagement. Competitive quotations obtained while engagement of business partners must also be documented. The invoice of the business partner must be supported by evidence of work performed and approvals as per the authority matrix. Payment must be made to the approved bank accounts of business partner.
- 5.3. Business partner invoices must be carefully reviewed to track unusual or ambiguous/excessive expenses/line items. Performance of work by business partners shall be closely monitored by respective department. Any exception/deviation shall be flagged off to the Compliance Officer for assessing the risk and adopting mitigation measures.
- 5.4. The Compliance Officer will monitor the operating effectiveness of due diligence process, periodically review its suitability, adequacy, and implement improvements where needed. Spot checks may be used to

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ensure that the due diligence process is properly applied and to deter any potential abuse. We will endeavor to regularly reassess due diligence measures ensuring they are timely updated and adapted.

5.5. Failure to comply with Business Partner Code of Conduct may have serious consequences for BEIL Group reputation and business. BEIL Group may therefore be required to take appropriate sanctions against a Business partner for misconduct, ranging from interruption of the commercial relationship to civil or criminal proceedings if the circumstances so warrant. A phased approach will be implemented:

- BEIL Group will present its doubts, concerns or observations in a reasoned manner.
- The partner will be invited to explain, provide such documentation as it feels might be useful to answer questions, and propose a solution to correct the non-compliance as quickly as possible.
- If BEIL Group continues to have serious doubts after this discussion, or if it feels the correction proposed by the partner is inadequate, BEIL Group may blacklist / debarred the business partner or terminate the contract or seek legal recourse depending on the financial values and situation.

5.6. If a partner becomes aware of a supposed or proven violation of the rules by one of its employees, BEIL Group employee, a client or another partner, it must notify its BEIL Group contact person as soon as possible. Any notification will be handled with great care, respecting the necessary confidentiality and ensuring that the person who raised the alarm in good faith is not then subject to reprisals.

Any misconduct shall be reported to the respective business unit head and compliance officer shall be documented and acted upon.

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## Revision History

Issue	Date	Description of amendment
R-0	01/01/2021	--- x --- x --- x ---
R-1	06/09/2021	Applicability, guidance on applicability of due diligence procedures, documentation and remuneration, monitoring and oversight over business partners' compliance to Compliance Program by reciprocal commitment.
R-2	01/01/2023	Categorization into High and Low Risk, confirmation of compliance with the Business Partner Code of Conduct at the commencement of their relationship and at the time of refresher due diligence at an interval of three (3) years instead of annually, misconduct reported is required to be documented and acted upon instead of just recording in the risk register.
R-3	01/01/2024	Parameters for categorization of Business Partner, Examples of red flags