

CONCORD BIOTECH

Biotech for Mankind...

**CORPORATE GOVERNANCE POLICY
ON
ANTI-FRAUD, ANTI-CORRUPTION,
ANTI-MONEY LAUNDERING (AML) COMBATING
THE FINANCING OF TERRORISM (CFT)
OF
CONCORD BIOTECH LIMITED**

[DATE:29TH JULY,2022]

INTRODUCTION

The Anti-Fraud and Anti-Corruption Policy (hereinafter "the Policy") of Concord Biotech Limited, sets out Company's policy and procedures relating to fraud and corruption.

Fraud and corruption are contrary to Concord Biotech core values. Company recognizes the adverse effect that such practices have on its activities and operations, and is committed to preventing them and taking robust action where they are found to occur.

OBJECTIVES

The objectives of the policy are:

Optimizing the Company's value for shareholders by taking into account the interests of stakeholders and encourage the achievement of sustainable growth of the Company by applying good principles of transparency, accountability, responsibility, independence, and fairness.

- Identify, develop and implement appropriate procedures for the prevention, detection and treatment of fraud and corruption in the Company
- Ensuring that the Company personnel
- adhere to the highest standards of integrity;
- Maintaining appropriate channels to communicate matters of Fraud & Corruption
- Investigate all allegations or fraudulent or corrupt acts as soon as possible and ensuring the confidentiality of the investigations carried out.
- Develop attitudes and behavior in accordance with the demands of the development of the Company and changes in the business environment towards a better company culture.

If there is any provision under this Policy which may conflict with the contractual obligations where the Company is a party, then prevailing laws and regulations, Articles of Association and any agreements that were approved by the Board and/or the General Meeting of Shareholders (as applicable) shall prevail.

MEASURES TO PREVENT FRAUD & CORRUPTION:

Company shall not tolerate any fraud and corruption in the course of its operations and is committed to transparency and accountability in the management of its resources. To this end, the Policy seeks to prevent fraud and corruption through: i) appropriate internal checks and balances; ii) staff training and awareness; and iii) effective internal auditing controls.

Principle of Accountability:

The Company works with high accountability for all of its actions in transparent and fair manner for the interests of the Company in order to achieve the Company's performance on an ongoing basis. Accountability is a necessary prerequisite for achieving continuous performance. Implementation of the accountability principle includes.

- The Company specifies description of jobs and responsibilities of each of Company's management departments so as to create a balance of power and the effective management of the Company;
- The Company implements the accountability principle by focusing on improving the function and role of each of Company's management departments so that the Company's business can be run in the most efficient manner;

Internal Control systems

- All offices of the Company, shall contribute to preventing and detecting fraud and corruption by:
- Identifying areas of operations that are more vulnerable to the risks of fraud and corruption
- Implementing and monitoring risk management and internal control systems
Monitoring risks on an ongoing basis and regularly assessing the effectiveness of the internal controls.
- Conducting training of Company personnel on internal control systems to prevent, detect and report fraud and corruption.

Preventing Conflict of Interest:

A conflict of interest is an incompatibility between an employee's private interest and either his/her official duties or the interests of Company. It includes circumstances in which an employee benefits improperly, directly or indirectly, from his/her association with an entity that engages in any business or transaction with Company. Company personnel in carrying out their duties and obligations,

must prioritize the economic interest of the Company above the personal economic interests as well as that of any other internal or external party;

Company personnel shall not engage in any outside occupation or employment unless authorized. In addition, Company personnel may not be actively associated with the management of, or hold financial interest in, any business concern if it were possible for them to benefit from such association of financial interest by reason of their official position within Company.

Gifts & Hospitality

Employees or members of their immediate families should not provide, solicit or accept cash or its equivalent, entertainment, favors, gifts or anything of substance to or from competitors, vendors, suppliers, customers or others that do business or are trying to do business with Company. Loans from any persons or companies having or seeking business with Company except recognized financial institutions, should not be accepted. All relationships with those who Company deals with should be cordial, but must be on an arm's length basis. Nothing should be accepted, nor should the employee have any outside involvement, that could impair, or give the appearance of impairing, an employee's ability to perform his/her duties or to exercise business judgment in a fair and unbiased manner.

This Policy does not prohibit normal and appropriate gifts, hospitality, entertainment and promotional or other similar business expenditure, such as calendars, diaries, pens, meals etc. to or from Third Parties. However, the key-determining factor for appropriateness of the gift or hospitality and/or its value would be based on facts and circumstances under which such gift or hospitality is provided.

The practice of giving gifts and hospitality is recognized as an established and important part of doing business. However, it is prohibited when they are used as bribes. To avoid committing bribery offence, the gift or hospitality must be;

- Reasonable and justifiable in all the circumstances.
- Intended to improve the image of Company, better present its products and services or establish cordial relations

The giving or receiving gifts or hospitality is acceptable under this Policy if all the following requirements are met:

- It is not made with the intention of influencing a Third Party to obtain/ retain business or a business advantage or to reward the provision or retention of business or a business advantage or in explicit or implicit exchange for favors/ benefits or for any other corrupt purpose.
- It complies with local laws and customs.

- It is appropriate in the circumstances. For example, in U.S. it is customary for small gifts to be given at Christmas time.
- Taking into account the reason for the gift or hospitality, it is of an appropriate type and value and given at an appropriate time.
- It is given openly, not secretly and in a manner that avoids the appearance of impropriety.

Charitable Donations

A donation made by the Company or the giving of the Company's asset to a political party or a member of the legislative or executive body may be done only in accordance with prevailing laws and regulations. Within the appropriate limit as stipulated by the Company, a donation for charity may be justified.

If in doubt whether or not the activities fall under the aforementioned categories, it is recommended to seek advice from the Compliance Committee.

Training of employees

Company shall ensure that employees are aware of the risks of fraud and corruption and shall also provide training to employees for developing skills for understanding, detecting, preventing and reporting *such* practices and compliance to the Policy.

ROLES & RESPONSIBILITIES OF EMPLOYEES

- Act at all times in accordance with the highest standards of integrity
- Detect, prevent and report any fraud and corruption, or any attempts thereof, in accordance with the Policy
- Avoid any situations of actual or perceived conflict of interest, or which may otherwise impair their judgment, in relation to the responsibilities assigned to them, and promptly report any such conflict of interest or other impairment to their supervisors.
- Avoid any use of the funds, resources and/or assets of Company that is contrary to the Policy.
- Promptly report any practice contrary, or reasonably suspected of being contrary, to the Policy, or any attempts thereof, to the Compliance Committee.

Composition:

The Compliance Committee would consist of the CFO, CEO & Director Administration.

Functions:

The functions of the Committee are defined hereunder:

- Guide Company Personnel when in doubt whether or not the activities fall under Conflict of Interest.
- Act on reports of any practice contrary or reasonably suspected of being contrary, to the Policy.
- Provide advice in the event of uncertainty as to whether any act or omission constitutes fraud and/or corruption.
- Recommend appropriate administrative, legal and/or disciplinary action against person or entity that is found to have violated the Policy and provide the investigation report to the management.

REPORTING PROCEDURES:

All persons to whom the Policy applies shall promptly report any action or practice that is or may be in breach of the Policy, in accordance with the procedures outlined in the Policy.

Reporting Mechanism under reporting procedure for Concord Biotech personnel and business partners who are or become aware of or suspect a violation of this policy and /or anti corruption / bribery laws are under an obligation to report the same to Compliance Committee as under:

- By verbal communication to respective Head Of Department (HOD) or
- By email to hr@concordbiotech.com (Director HR) or
- By letter addressed to the Compliance Committee, marked "**Private & Confidential**" and delivered to the CEO/CFO at HO, 16th Floor,"B" wing, Mondeal Heights, Iscon Cross Road, S.G. Highway, Ahmedabad-380015.

- Moreover, in exceptional cases, employees have a right to make Protected Disclosures directly to any member of Compliance Committee along with Chairman & Managing Director (CMD).
- Non-reporting of such instances of bribery in spite of knowledge of such actions shall be deemed to be misconducts/ violation of Code of Conduct and shall be subject matters of formal disciplinary procedure. “Investigation Procedure and Report form” is available with the Policy.

In the event of uncertainty as to whether any act or omission constitutes fraud and/or corruption, the Compliance Committee should be contacted for guidance.

Presumption of Good Faith : As a general principle, it is presumed that all employees and all third parties related to Company acts in good faith. When a person presents a report of fraud or suspected fraud, he or she presumably does so in good faith and based on reasonable indications or elements.

Absence of Retaliation: The person reporting any real action or potential occurrence, which goes against guidelines laid down in this Policy should not be subject to retaliation, threats, discriminatory measures or sanctions of any kind. However, when it is established that the complainant acted maliciously and based on false facts, in order to harm the accused, the Company reserves the right to apply the measures and sanctions intend for such actions.

Confidentiality: Any employees who, because of the process or other circumstance, participates in or learns of any investigation that is taking place or has taken place within Company has the duty to treat the information confidentially and to protect the anonymity of those who have submitted any reports. In this regard, the results of the investigation may not be disclosed by or discussed with anyone who does not have a legitimate need to know or by officials who are not authorized to do so.

ACTIONS FOLLOWING BREACH OF POLICY

The Compliance Committee may recommend that appropriate administrative, legal and/or disciplinary action be taken against any person or entity that is found to have violated the Policy. Any such recommendation shall be included in the investigation report issued to management,

Company personnel should be aware that fraud and corruption constitute serious misconduct for which Company has zero tolerance, and which may lead to the imposition of disciplinary measures up to and including summary dismissal.

ANTI MONEY LAUNDERING (AML) AND COMBATING FINANCING FOR TERRORISM (CFT)

OBJECTIVES OF THE POLICY

- To lay down policy framework for Preventing, Detecting and Reporting Anti Money Laundering & Combating the Financing for Terrorism.
- To prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities
- To enable the Company to know / understand its suppliers and customers better, which in turn would help it to manage its risks prudently
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures and regulatory guidelines.
- To take necessary steps to ensure that the relevant staffs are adequately trained AML procedures.
- The policy would be implemented prospectively.

SCOPE OF THE POLICY

- This policy is applicable across all units of the Company

Policy Framework to Prevent Anti Money Laundering (AML) & Combating the Financing for Terrorism (CFT)

In order to prevent the occurrence of AML & CFT, Company needs to develop a clear understanding of a customer relationship, including all relevant parties, in order to effectively understand and manage the risks stemming from that relationship. Know Your Client (KYC) is an effective measure to mitigate money laundering and risk associated with Financing of Terrorism.

Anti Money Laundering and Risk of Money Laundering and Financing of Terrorism is assessed by the Company in accordance with the risk -based approach. Entities, which do not meet the requirements of Know Your Client or raise Red Flags as listed below, get classified as High Risk entities

- In relation to an entity that is a Customer, KYC to be provided as per enclosed format: Annexure A
- In relation to an entity that is a Supplier, KYC to be provided as per enclosed format: Annexure B.

Criteria where KYC is not required:

- Minimum transaction thresholds, under which KYC is not required: INR 50,000.
- If the entity is listed on stock exchange of the country where it is registered or incorporated

TRAINING OF EMPLOYEES: One of the important Criteria to prevent AML & CFT is training of employees. The Company defines categories of the employees that require training in the internal control procedures for the purposes of AML & CFT and imparts training to them.

Policy Framework to Detect AML & CFT:

AML & CFT is assessed by the Company in accordance with the risk -based approach. Entities, which do not meet the requirements of Know Your Client or raise Red Flags as listed below, get classified as High Risk entities.

Red flags are circumstances that should alert a reasonable person that illegal or improper conduct is substantially likely to occur and, therefore, further inquiry is necessary. Red flags reflecting possible violations of anti-money laundering laws and regulations include.

- Legitimacy of the party cannot be determined through due diligence or independent verification.
- The party proffers false, misleading or substantially incorrect information and documentation.
- The party suggests transactions involving cash or insists on dealing only in cash equivalents.
- The party refuses to disclose or to provide documentation concerning identity and nature of business.
- The party requests that funds be transferred to an unrelated third party and is unable to provide sufficient legitimate and independently verifiable justification for such request.
- The party requests a wire transfer to a jurisdiction other than the one in which the party is located and is unable to provide sufficient legitimate and independently verifiable justification for such request, particularly if located in an "off shore" bank secrecy or tax haven.
- The party requests that a transaction be processed in a manner that circumvents a company procedure or avoids company documentation requirements.

- If any of the Red flags are raised, the Individual and the Head of concerned department should immediately report to the Anti-Money Laundering Committee.

Policy Framework to Report AML, & CFT

Company has an Anti Money Laundering Committee (AMLC) which has the below composition and functions

Composition:

The AMLC is hereby created and shall be composed of the Nominated Officer, CFO & CEO as the members.

Functions:

The functions of the AMLC are defined hereunder:

- To Act upon any Red Flags raised by the Individual and the Head of concerned Department on the entity and further investigate the matter before taking a decision on whether to proceed with any transaction with the entity.
 - To further investigate the legitimacy of the entity who does not provide sufficient KYC information before proceeding with any transaction with such entity.
 - To actively investigate all breaches or suspected breaches of this policy and, if appropriate, invoke disciplinary measures against any employee that fail to follow AML/CFT procedures and take prompt action to remedy the breach and prevent any repetition;
 - To cause the filing of complaints with the Relevant Government Law enforcement Authorities for the prosecution of money laundering offenses;
- Meetings:

The AMLC shall meet every first Monday of the month, or as often as may be necessary.

INVESTIGATION - PROCEDURE & REPORT

01	Receiving Date of Complaint	:	
02	Respond to Complaint (Date of Investigation Start)	:	
03	Evaluation of Allegation	:	
04	Internal Investigation & Report	:	
05	Final Report & Action Taken	:	
06	Signatures of Compliance: Committee Members	:	
		:	
		:	
		:	
REMARK (IF ANY) :			