



Nayara Energy Limited

Registered Office:

Khambhalia Post, P.O. Box 24, District Devbhumi Dwarka – 361305, Gujarat

Anti-Money Laundering Policy



DOCUMENT CONTROL

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1) Introduction

- a) Nayara Energy Limited (the 'Company') adheres to high standards of professional and ethical conduct. The Company strives to conduct its business dealings and affairs in a fair and transparent manner, adopting the highest standards of professionalism in compliance with all the applicable laws, rules and regulations.
- b) In response to mounting concern over money laundering, the Financial Action Task Force (FATF) on Money Laundering was established by the G-7 Summit in Paris in 1989 to develop a co-ordinated international response. India is an active member of the FATF.
- c) While the Company does not have reporting obligations under the Prevention of Money Laundering Act, 2002 (PMLA), as amended, it is required to comply with certain requirements pertaining to Third Parties as discussed in this Policy.
- d) An act can be considered as a potential violation of Anti-Money Laundering regulations, if any person associated with the Company directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with Proceeds of Crime.
- e) Further, considering the nature of business and international trade activities, the Company is also subject to requirements of the Unlawful Activities (Prevention) Act, 1967 (UAPA) which relate to performing sanctions screening of Third parties.

2) Objective

The purpose and objective of this policy are:

- i) To create awareness amongst Directors, Employees and Associates about Anti-Money Laundering provisions as provided above;
- ii) To prevent, detect and exercise zero tolerance towards money laundering activities, intentional or unintentional, involving the Company.
- iii) To provide guidance for Third Party acceptance and due diligence process.

3) Applicability

This Policy shall be binding on Directors, Employees and Associates of the Company. This Policy shall also be applicable to the subsidiaries of the Company after adoption by the Board of Directors of the respective entities.

4) Approval of Policy and Amendments thereto

- a) This Policy shall be approved for Nayara Energy Limited by a resolution of Nayara Board of Directors.
- b) The Policy shall be amended periodically including, but not limited to, happening of the following events:
 - i) changes in applicable Anti-Money Laundering legislation or practice of its enforcement;
 - ii) changes in powers of responsible persons or structural units;

- iii) identification of insufficient efficiency of measures to counteract Money-Laundering, etc.
- c) An explanatory note for rationale of changes to each policy and procedure on the basis of analysis of the current policy and procedure will be provided by the Chief Compliance & Security Officer.

5) Definitions

- a) **Associates:** All persons deployed under manpower supply or secondment agreements with the Company and/or discharging the employee support functions, advisors/consultants on retainer basis except law firms or lawyers/advocates
- b) **Company:** Nayara Energy Limited.
- c) **Director:** Director means a person appointed under provisions of Companies Act, 2013.
- d) **Employee:** All persons on the rolls of the Company, part time or full time, temporary or permanent.
- e) **Head of Department ('HoD'):** Business Head, Functional Head or Unit Head as defined in the Delegation of Authority Manual.
- f) **Money Laundering:** Without prejudice to generality of its meaning, Money Laundering means the direct or indirect practice/ activity of making money that was gained through criminal/illegal means, appear as if it was generated through legitimate business activities and disguise its illegal origin. In general parlance, Money Laundering is the process of disguising the illegal origin of criminal proceeds. Illegal arms sales, smuggling, and other organized crime, including drug trafficking and prostitution rings, can generate huge amounts of money. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentive to "legitimize" the ill-gotten gains through money laundering. The money so generated is tainted and is in the nature of 'dirty money'. Hence, Money Laundering is the process of conversion of such proceeds of crime, the 'dirty money', to make it appear as 'legitimate' money.

The Process of Money Laundering has been notified by the Directorate of Enforcement ("ED"), and is elaborated in **Annexure 5 for reference**. The ED is the law enforcement agency and economic intelligence agency responsible for enforcing economic laws and fighting economic crime in India.

- f) **Policy:** For the purposes of this Policy, means Anti-Money Laundering Policy
- g) **Proceeds of Crime:** shall have the same meaning as set out in section 2(1)(u) of the Prevention of Money Laundering Act, 2002, as amended from time to time.

For the time being, Proceeds of Crime have been defined under PMLA as any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property.

- h) **Sanctions:** Laws, regulations, governmental orders, directives, rules, licenses or requirements of any country(s), international organization with jurisdiction over the relevant transaction, which relate to trade controls, import controls, export controls, transfer controls, embargoes, international boycotts or other sanctions of any type.

- i) **Senior Management Team:** The following Business Heads and Corporate Function Heads (together the “Senior Management Team”), report administratively / functionally to the Chief Executive Officer to conduct the day to day management of the Company’s operations and functions as delegated to them:
 - i) Director & Head of Refinery
 - ii) Chief Marketing Officer
 - iii) Chief Commercial Officer
 - iv) Chief Financial Officer
 - v) Chief Development Officer
 - vi) Company Secretary
 - vii) Chief People Officer
 - viii) Chief Information Officer
 - ix) Chief Internal Audit Officer
 - x) Head Procurement
 - xi) Chief Compliance & Security Officer
- j) **Scheduled Offence:** Shall have the same meaning as set out in section 2(1)(y) of the Prevention of Money Laundering Act, 2002, as amended from time to time. Annexure 7 contains a list of Scheduled Offences as per Prevention of Money Laundering Act presently in force.
- k) **Suspicious Transactions:** Suspicious Transaction means a transaction (including an attempted transaction) whether or not made in cash which, to a person acting in good faith:
 - i) gives rise to a reasonable ground of suspicion that it may involve the Proceeds of Crime; or
 - ii) appears to be made in circumstances of unusual or unjustified complexity; or
 - iii) appears to have no economic rationale or bona fide purpose; or.
 - iv) gives rise to a reasonable ground of suspicion that it may involve financing of activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organisation or those who finance or are attempting to finance terrorism
- l) **Third Party:** Includes all entities and individuals, other than Director, Employee, Associate and Subsidiaries of Nayara Energy Limited, with whom the Company has or may have contractual relationships. Without prejudice to the generality of the expression, Third Parties may include (but not limited to) consultants, agents, sales representatives, distributors, customs clearance agents, franchisees, vessel owners, dealers, traders, vendors, channel partners, contractors and suppliers, lawyers, tax advisers, introducers of business, brokers, lobbyists, bid participants and other professionals.

6) Key Principles

a) *Top-level Commitment*

- i) Senior Management Team of the Company along with members of Board of Directors, CEO, other Management Committee ('MC') members and Heads of Department ('HoD'), have adopted a 'zero tolerance' approach to any form of Money Laundering within the Company.
- ii) The Company is committed to prevent, detect and exercise zero tolerance towards any form of Money Laundering activities. Directors, Employees and Associates must conduct business with honesty and integrity with Third Parties.
- iii) The CEO shall be responsible for supervising the implementation of this Policy, including proposals to update this Policy, relevant Procedures and related Company Regulations.
- iv) The Chief Compliance & Security Officer ('CCSO') shall be responsible for developing measures aimed at preventing and combating Money Laundering, including developing amendments to this policy and getting approval from Board of Directors. The Chief Compliance & Security Officer ('CCSO') is also responsible for monitoring compliance with this Policy.
- v) The CLO shall be responsible for assisting in introducing and implementing measures to comply with applicable Anti-Money Laundering legislations.
- vi) The Chief Governance and Control Officer ('CGCO') shall be responsible to implement controls to prevent and combat Suspicious Transactions and shall be assisted by Chief Accounting & Transformation Officer ('CATO'), Treasurer and Head - Business Performance & Control of all divisions in this regard. The CGCO shall provide regular reports to the CFO in this regard.
- vii) Regular risk assessment shall be conducted as per the Anti-Money Laundering Procedures.

b) *Regular Risk Assessment for Money Laundering*

The Company shall identify, assess and periodically reassess risks for Money Laundering within its areas of operations. When identifying the risk, the Company shall take into account all available information on its existing and planned activities.

c) *Due Diligence*

The Company shall conduct due diligence regarding Third Parties and prospective hires (i.e. background verification) as regards to compliance with trade Sanctions and any applicable law that deals with preventing Money Laundering and confiscation of property derived therefrom, before deciding whether to commence or continue business/employment relations.

d) *Communication and Training*

- i) To create awareness, this Policy shall be hosted on the Company's intranet and also freely published on the official website of Nayara Energy Limited.

- ii) The Company to impart necessary training to all new hires and further, periodic refresher trainings to its existing Directors, Employees and Associates to maintain and reinforce compliance with Anti-Money Laundering legislation.

e) Monitoring & supervision

The Company shall monitor the implemented procedures for preventing and detecting Money laundering in terms of their efficiency and compliance therewith.

7) Key Activities

a) Accounting and Book Keeping

All monies received emanating out of transactions with Third Parties must be supported by documents that accurately and properly describe the cash flows. Falsification of books of account or any other record of the Company, including the use of false or misleading invoicing is strictly prohibited.

b) Engaging Third Parties

Directors, Employees or Associates must mitigate the risk of Money Laundering while engaging a Third Party. To minimize the risk associated with business relations with Third Parties and to emphasize the need to act firmly within ethical and legal boundaries, the Company shall:

- 1) Perform due diligence, wherever applicable, including Sanctions screening, of the Third Party in accordance with Third Party Due Diligence Policy. All Third Parties are required to be approved (or exceptionally approved, as a case may be) as set out in the Third Party Due Diligence Policy and related procedures.
- 2) Incorporate a clause in all Third Party contracts to mitigate the risk of violation of any applicable Anti-Money Laundering laws. Recommended text of the Anti-Money Laundering clause and the steps to incorporate the clause into Third Party agreements are provided in the Anti-Money Laundering Procedures; and
- 3) Preserve the records pertaining to the identification of the Third parties and their addresses obtained at the onset and during the course of business relationship.

c) Background verification process

To pre-empt, identify and/or mitigate the risk of Money Laundering, the Company will conduct background verification for all new full time recruits across divisions and levels as per the SOP for background verification.

d) Regular Risk Assessment for Money Laundering

- i) The Company acknowledges the need for management of risk of Money Laundering notwithstanding probability of its occurrence and possible impact.
- ii) The Company shall regularly undertake risk assessment for Money Laundering, which shall:
 - (1) identify risks of Money Laundering the Company might reasonably anticipate;

- (2) analyse, assess and prioritize the identified risk/vulnerable areas; and
- (3) evaluate the suitability and effectiveness of the existing mitigating controls.
- iii) Within the course of identification and analysis of risk of Money Laundering, it is crucial to identify, high risk business processes, functions and areas to implement appropriate entity and process level controls/procedures/measures.
- iv) Consequently, corrective and preventive actions will be recommended by CCSO in consultation with HoDs. The respective HoDs will be responsible for implementing aforesaid corrective and preventive actions.
- v) The risk assessment for Money Laundering shall be reviewed:
 - (1) on a regular basis and reassessed on a periodic basis so that changes and new information can be properly assessed based on timing and frequency as prescribed by the Company; or
 - (2) in the event of a significant change to the structure or activities of the Company.

e) Identification & reporting of Suspicious Transactions

- i) Directors, Employees and Associates must be cognisant of the risk associated with violations of Anti-Money Laundering regulations when dealing with Third Parties.
- ii) The Business (lines and service functions), Business Performance and Control Teams and Finance & Accounts Teams must be diligent in identification of any Suspicious Transaction that they come across in discharge of their duties. All Suspicious Transactions must be reported as set out in the Anti-Money Laundering Procedures.
- iii) Such suspicious transactions must be suspended till the CCSO gives clearance on the transaction.

f) Reporting of violation of Policy

- i) Nayara Energy is committed to adhere to high standards of ethical, moral and legal conduct of business operations, including the measures against Money Laundering. Nayara Energy has set up Hotline Whistle-Blower Channels to report any actual or suspected violations of this Policy i.e. any such matters may be reported using any one of the following hotline whistle-blower channels:
 - (1) Web Interface: Visit whistleblower.nayaraenergy.com
 - (2) Toll Free Hotline Telephone line and Interactive Voice Recording (IVR) System: Call our toll free number - 1800 266 2800.
 - (3) Email: write to us at hotline@nayaraenergy.com.
 - (4) Post/Letter: Send a letter via post to our Corporate Office addressed to our Chief Compliance & Security Officer
 - (5) In person: Meet our Chief Compliance & Security Officer in person at our Corporate Office
- ii) For more details, refer to the Hotline Whistle-Blower Policy.

g) Investigation and Disciplinary Measures

- i) As an outcome of any investigation conducted under the Hotline Whistle-Blower Policy, if a violation of Anti-Money Laundering legislation or this Policy is established, the Director/Employee/Associate breaching the rules will be subject to disciplinary actions as laid out in the Disciplinary Policy and other consequences/liabilities as per law. In case of violation(s) of applicable Anti-Money Laundering legislation or Key Principles of the Policy by Third Parties, suitable action may be considered in light of legal recourse available, including the option to terminate the contract.
- ii) The Company shall have the right to seek recoveries subject to evidence of an Employee/Associate getting intentional benefits through involving Company in Money Laundering operations regardless of the disciplinary, administrative or criminal liability for action/inaction, which caused damage to the Company within the established norms of applicable legislation and in accordance with relevant policies and procedures establishing a mechanism for indemnification for losses and damage caused to the Company.

h) Confidentiality

The Company, as required by the Hotline Whistle-Blower Policy, endeavours to protect the identity and anonymity of any individual who reports a complaint alleging actual or suspected violation(s) of this Policy. Hence, in case of a reported concern, it shall be handled with appropriate confidentiality in accordance with the Hotline Whistle-Blower Policy.

8) Miscellaneous

- a) In this Policy wherever context permits singular shall mean plural and the plural shall mean singular, masculine gender shall mean feminine gender and vice-versa.
- b) This Policy shall be read along with the Ethics Code.
- c) This Policy can be changed, modified or amended at any time by the Board of Directors of Nayara Energy Limited. However, if any difficulty arises in giving effect to the provisions of this Policy, the CEO may, in writing, make such provisions, as appear to be necessary or expedient for removing the difficulty.
- d) For any clarifications on this Policy, please approach the Chief Compliance & Security Officer by writing to ccso@nayaraenergy.com.
- e) Any violation of this Policy shall be deemed to be a misconduct and will be dealt with the provisions of Disciplinary Policy of the Company and applicable laws.

9) References

Reference
Prevention of Money Laundering Act, 2002
Prevention of Money Laundering (Amendment) Act, 2009
Prevention of Money Laundering (Amendment) Act, 2012
Prevention of Money Laundering Rules, 2005
FAQs on Prevention of Money Laundering Act by the Enforcement Directorate of India
Unlawful Activities (Prevention) Act, 1967
United Nations Security Council Sanctions List
United States – Office of Foreign Assets Control
Consolidated list of financial targets in the UK
Consolidated list of persons, groups and entities subject to EU financial sanctions