



SANCTIONS POLICY

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*Placed before the Board of Directors at its meeting held on February 13, 2024, and reviewed/approved thereat.

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SANCTIONS POLICY

I. Objective

Hindalco is committed to conduct its business with the highest business and ethical standards. This Policy sets forth the guidelines for that govern the worldwide operations of Hindalco in compliance with export controls and other foreign trade restrictions, as applicable.

II. Scope and Coverage

This Policy provides for a minimum standard to comply with in any country in which Hindalco operates and does business.

In the event this Policy is stricter than the laws that are applicable, including both applicable local laws and those laws with extra-territorial application, this Policy will prevail. However, if any part of this Policy conflicts with local laws in any location, the local law of the appropriate jurisdiction will prevail. The same principle will apply in case this Policy conflicts with sectoral laws, as may be applicable.

This Policy is applicable to all the employees of Hindalco including senior managers, officers, other employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, interns, seconded staff, casual workers and agency staff, agents, or any other person associated with Hindalco and such other persons, including those acting on behalf of Hindalco (collectively for the limited purpose of this Policy referred as **'Employees'**).

This Policy should be read in conjunction with the existing Code of Conduct, Policies, Procedures and Guidelines of Hindalco, as issued from time to time.

The words and expressions used herein but not defined in this Policy shall have meaning as provided under applicable laws.

III. Compliance Officer

Company Secretary of the Company shall be the Compliance Officer to ensure that the right Governance process is in place for the compliance of this Policy ("**Compliance Officer**").

IV. Trade Restrictions

Hindalco shall comply with the Sanctions, as applicable to its activities. In certain cases, on account of contractual relationship, extra territorial Sanctions may additionally apply. However, no covenants should be undertaken on behalf of any other company belonging to the Aditya Birla Group (except unlisted subsidiary of such company), unless such Sanction is directly applicable to Hindalco, or it undertakes to comply to the same in writing. All queries related to any other legal entity (other than Hindalco) should be referred to the Group Legal & Compliance at ABMCPL.

For this Policy, “Sanctions” shall mean the trade control, sanctions, embargoes, prohibitions or restrictions as may be imposed by the host country of our operations or those as may be made applicable to a company on account of contractual extension of obligations, save and except those may be permitted as an exception under the applicable Sanction laws.

V. Compliance Process

Every transaction involving operation must be evaluated for compliance with applicable trade restrictions before proceeding. Trade control laws can restrict:

- export of certain goods, services, and technologies;
- business dealings (including import, export, and investments) with certain countries, entities, and individuals;
- travel to certain countries;
- exchange of information; and
- dealing in debt/equity instruments of a particular company.

Therefore, before engaging in any commercial relationship or transaction with any person, particularly those having overseas operations, foreign individuals and entities, appropriate screening, and due diligence to mitigate the risk of non-compliance of applicable Sanction laws and restrictions should be undertaken. The level of screening and due diligence should be linked to the risk profile of the relationship or transaction. Compliance Officer along with relevant functional head would undertake enhanced screening and diligence if the risk is greater. Few examples of transactions requiring higher scrutiny along with Employees responsibilities may be referred from **Annexure-I & II**.

VI. Non-Compliance

Any violation of this Policy may be subject to disciplinary action under the Corporate Principles & Code of Conduct of Hindalco.

VII. Breach

Any breach of this policy should be immediately notified to the Compliance Officer of the Company.

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ANNEXURE-I: Transactions Requiring Higher Scrutiny

The Employees should be careful about the following transactions or situations which, when appearing together or individually, should raise a 'red flag':

1. A transaction with an internationally recognised individual or business that are subject to Sanctions, or are located in high-risk jurisdictions;
2. A lack of information as to the identity of the end-client involved parties and/or the reluctance of a party to provide such information;
3. Export and import transactions, transactions involving foreign exchange/currency and institutions dealing in foreign exchange/currency.
4. Client:
 - actively avoiding personal contact and the Employee perceives that there may be concerns with respect to his goodwill;
 - refuses to provide information, data, and the necessary documents or provides fake documents;
 - uses suspicious domain address or an email address;
 - a partner associated or known or known to a person involved in or suspected of terrorist or terrorist financing activities.
5. Unusual invoicing requests, request for favourable payment terms or request to make unusual exceptions;
6. Any suspicion or evidence to suggest the possible involvement of a restricted territory or restricted party or parties or that their representatives are located in a high-risk country;
7. The transaction is inconsistent with the individual's economic/business profile;
8. The person who directs the operation is not one of the official parties of the transaction or its representatives;
9. There is increased complexity in the transaction, or the ownership structures used, resulting in higher taxes and fees than necessary;
10. The customer requests shipment or labelling of goods that are inconsistent with usual shipping and labelling practices as well as the shipping route is abnormal for the product and destination;
11. The customer/client or his address is similar to one of the parties listed in the sanctioned list issued by various applicable authorities;
12. The transaction collateral is located in a high-risk country;
13. A client is financed by a lender who is not a credit institution to do business with Hindalco, with no logical explanation;
14. There are no documents to support the customer's proposal, previous transactions, or company activities;
15. Equipment or machinery if any is to be installed in an area under strict security control or in a suspicious or unusual location;
16. An investment is proposed to be made in immovable property from an entity belonging to a sanctioned country;
17. The client is relatively a newly incorporated entity which has received huge capital investment from unknown sources, the identity of which cannot be traced;
18. A transaction is unusual for many reasons, such as its size, nature, frequency, or the suggested manner of execution.

ANNEXURE-II: Employees Responsibilities

1. Each Employee shall ensure that he/she reads, understands and complies with this Policy. They should always, avoid any activity that might lead to, or suggest, a breach of this Policy. The prevention, detection and reporting of breach of Sanctions and any other violation of this Policy are the responsibility of each Employee.
2. Employees shall:
 - Understand and meet their Sanctions obligations as a citizen of a particular country or as a result of their presence in a particular country or those applicable to Hindalco as a result of contractual obligation or otherwise;
 - Basis the risk profile, screen and perform due diligence on each prospective customer, suppliers and other business partner/counterparties including their Ultimate Beneficial Owners (UBO's). If there is any doubt whether screening and due diligence has been conducted with respect to any such person or entity, the legal department of the respective company must be contacted immediately.
 - Ensure that the third party with whom Hindalco has a contract,
 - as part of due-diligence or conditions precedent seek disclosure with respect to the following:
 - i) representing that the third party is not itself a Specially Designated Nationals (“SDN”) or otherwise subject to Sanctions;
 - ii) requiring compliance with U.S., U.N. and E.U. or any other Sanctions laws as applicable.
 - as covenant seek the following:
 - i) that they are not owned or controlled by a sanctioned person or persons;
 - ii) That they will not directly or indirectly engage in or facilitate any business activity that would lead to breach of any applicable Sanctions obligations or this Policy;
 - iii) permitting Hindalco to exit the contract, if the third party during the term of the contract becomes an SDN or otherwise are found in breach of applicable Sanction laws.
 - is mandated to promptly disclose to Hindalco if they are subject to Sanctions.
 - If a transaction is proposed to be undertaken with a previously screened party, a prior written confirmation that such party is not subject to any Sanctions should be undertaken.
 - Immediately report to the Compliance Officer, if they are contacted by anyone outside of Hindalco, including law enforcement officials or government agencies concerning a potential violation of Sanctions or this Policy.
3. Employees shall not:
 - Advise customers, or others as to how transactions may be structured or presented to evade applicable Sanctions or this Policy. This includes, but is not limited to, advising customers, and others to amend any information or documents to include false or misleading information, to omit accurate information, or changing, removing or omitting information from a transaction or any business record that would otherwise lead to detection of a Sanctions issue.
 - Engage in any commercial relationship or transaction that directly or indirectly involve:
 - i) countries that are subjects or targets of Sanctions such as the list issued by United Nations from time to time, to the extent applicable; or
 - ii) nationals of sanctioned countries; unless the contemplated commercial relationship or transaction has been screened and cleared for action in accordance with the applicable sanction screening systems, processes and procedures that are implemented by Hindalco from time to time.