

ANTI BRIBERY AND CORRUPTION ("ABC") POLICY & PROCEDURES

AZURE POWER GLOBAL LIMITED

Version: ABC Policy 4.0
Last Updated: 7 October 2015

TABLE OF CONTENTS

INTRODUCTION & PURPOSE	4
APPLICABILITY OF THE POLICY	4
FCPA OVERVIEW	5
ROLES AND RESPONSIBILITIES	6
IMPORTANT DEFINITIONS.....	6
BRIBES.....	9
FACILITATION PAYMENTS & KICKBACKS	9
BUSINESS EXPENDITURES	9
a) Gifts.....	9
b) Meals and Entertainment	10
c) Travel and Lodging	10
d) Petty Cash Expense for sites (including setting up of site office or Company guest house)	11
POLITICAL CONTRIBUTIONS.....	11
CHARITABLE CONTRIBUTIONS	11
INSPECTIONS BY GOVERNMENT OFFICIALS	12
FINES AND PENALTIES	13
REAL ESTATE TRANSACTIONS WITH GOVERNMENT ENTITIES.....	14
THIRD PARTY DUE DILIGENCE PROCEDURES.....	17
Identification of TPI.....	17
TPI Due Diligence.....	18
Due Diligence Reports.....	19
Contracts/ agreements with TPIs	20
Disclosures.....	21
Certification	21
Document Retention.....	21
Database for rejected intermediaries	21
EMPLOYEE DUE DILIGENCE	21
RISK ASSESSMENT	22

ABC POLICY & PROCEDURES

RECORD KEEPING, FINANCIAL AND ACCOUNTING PROVISIONS	23
DOCUMENT RETENTION	24
JOINT VENTURES AND SPECIAL PURPOSE VEHICLES (SPV)	24
REPORTING OF VIOLATIONS	25
INVESTIGATIONS	25
DISCIPLINARY ACTION ON NON-COMPLIANCE	25
ANTI BRIBERY AND CORRUPTION TRAINING	25
REPORTING TO BOARD ON COMPLIANCE MATTER	27
IMPLEMENTATION OF THE POLICY & PROCEDURES	28

INTRODUCTION & PURPOSE

Azure Power Global Limited (“Azure Power” or the “Company”) is committed to conducting its business ethically and in compliance with applicable domestic and foreign anti-bribery and anti-corruption laws and regulations (“applicable laws and regulations”) as the violation of applicable laws and regulations can seriously impact the reputation and image of the Company.

This document describes the Company’s policy prohibiting bribery and other improper payments in the conduct of the Company’s business operations and also establishes processes to ensure compliance with the Anti-bribery and corruption policy and applicable laws and regulations, particularly, without limitation, the United States of America’s Foreign Corrupt Practices Act (“FCPA”).

APPLICABILITY OF THE POLICY

This Policy applies to Azure Power Global Limited and each and every division, subsidiary, affiliate, employee, officer, director, agent, and all persons or entities acting or purporting to act as a representative, advisor, or otherwise on behalf of Azure Power. The persons or entities acting on behalf of the Company are hereinafter referred to as “Company Representatives”.

Accordingly, the Policy ***prohibits anyone*** acting on behalf of Azure Power, directly or indirectly, from making or receiving an “Improper Payment.” “Improper Payment” means receiving or paying a bribe or giving, offering, or promising to give money or anything else of value to any person, including any Government Official, in order to improperly influence any act or decision of a person, or to otherwise gain an improper benefit for the Company.

Compliance with this Policy and these laws is a condition of continued employment or association with Azure Power and violations will not be tolerated – any alleged breach will be investigated and disciplinary action taken as appropriate. Failure by employees, officers, directors of Azure Power (hereinafter referred to as “Company Personnel”) to comply with this Policy may expose the Company to substantial risk and could jeopardize its operations and reputation.

Questions about the Policy or its applicability to particular circumstances should be directed to the Compliance Officer. This policy is subject to no waivers or exceptions because of competitive or commercial demands, industry customs, or other exigencies.

You should also be aware that violations of certain Anti-corruption Laws may subject individual Company Personnel to both criminal penalties, including prison sentences, and civil liability.

FCPA OVERVIEW

The FCPA prohibits offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official (Foreign meaning Non-US) in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business.

The FCPA is applicable to Azure Power as an “issuer” as and when it gets its securities registered in the United States.

Further, the FCPA also applies to “domestic concerns.” A domestic concern is any individual who is a citizen, national, or resident of the United States, or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship that is organized under the laws of the United States or its states, territories, possessions, or commonwealths or that has its principal place of business in the United States. Officers, directors, employees, agents, or stockholders acting on behalf of a domestic concern, including foreign nationals or companies, are also covered.

The prohibition under the FCPA is very broad, and covers:

- cash payments;
- non-cash “payments”, benefits, and favours; and
- in certain circumstances, even gifts, entertainment, and hosted travel or training which would otherwise be deemed legitimate business expenditures

The FCPA prohibits these payments whether they are made directly or indirectly through third parties, such as agents, consultants, channel partners, resellers, or other representatives and regardless of whether such payments or benefits are actually paid or given.

In other words, a “willful blindness” to a suspected improper payment or a mere promise of something improper can be the basis for a violation of the FCPA.

The prohibition under the FCPA extends to improper payment made by any intermediaries, subsidiaries or entities representing the Company, including:

- company employees;
- sales agents;
- sales consultants;
- resellers;
- other representatives of the Company, no matter by what name they are called;
- affiliates of the Company where the Company has majority ownership, including joint ventures and special purpose vehicles (“SPVs”); and

- other entities over which the Company possesses corporate control.

The FCPA also requires the Company as an issuer, to maintain internal accounting controls and keep books and records that accurately reflect all transactions and the disposition of assets, which includes but is not limited to an obligation to keep accurate records regarding gifts, entertainment and/or travel provided to government officials.

ROLES AND RESPONSIBILITIES

The Company has designated a Compliance Officer and he will report all matters to the Chief Executive Officer ('CEO') and Board of Directors of the Company on a quarterly basis.

The Compliance Officer has overall responsibility for the program, processes and procedures supported by business development, construction, supply chain, legal, finance, sales, marketing, operation and maintenance and other departments in the Company to ensure that the Company is not exposed to the risk of corruption.

The Compliance Officer is responsible for giving advice on the interpretation and application of this policy, supporting training and education, and responding to reported concerns.

In the event that an allegation is made against an employee for potential violation of these procedures, it is the Ethics Committee's responsibility to investigate the allegation and bring it to a reasonable conclusion in accordance with the process described in sections below.

IMPORTANT DEFINITIONS

Bribery: Bribery may be defined as offering, giving, receiving or soliciting anything of value to influence an official act or business decision.

Corruption: Corruption is used to describe various types of wrongful acts designed to cause some unfair advantage, and it can take on many forms. Generally, corruption refers to the wrongful use of influence to procure a benefit for the actor or another person, contrary to the duty or the right of others.

Charitable contributions: "Charitable Contributions" shall mean any donation, contribution, gift, grant, etc., whether a Monetary Contribution or In-Kind Donation to any civic, charitable or community entity or for regional religious purpose where the Company's offices or operations are located at no charge for the purpose of supporting needy individuals or groups, providing an immediate benefit directly to members of the community, or for providing a benefit or better services to the community.

Charitable Organisation: For the purpose of this policy “charitable organisation’ shall mean any entity registered under the laws of its domicile as a non-profit organization or a non-governmental association, e.g., under India’s Income Tax Act 1961, Foreign Contribution (Contribution) Regulation Act (1976), the Societies Registration Act (1860), or the United States Internal Revenue Code Section 501(c)(3).

Close Business Associate: A Close Business Associate of a Government Official includes all persons who are current business partners, co-owners, co-investors with, consultants or advisors to, or have any other common financial interest or significant personal relationship with the Government Official.

Facilitation payments: Facilitation or grease payments are small payments made to government officials, typically in countries with pervasive corruption problems. These payments have generally been utilised in order to expedite or secure the performance of “routine governmental actions,” which are limited to a narrow range of non-discretionary acts that are ordinarily and commonly performed by a government official.

Family Member: The term Family member of a Government Official includes parents, children, siblings and spouses of Government Official.

Government entity: The term Government Entity means:

- i. Any government department, agency, ministry, instrumentality or entity, whether federal, state or municipal, including the administrative, judicial and legislative bodies;
- ii. Any political party or political campaign;
- iii. Any state owned or state controlled department, company, corporation, enterprise; partnership, public institution or civil association;
- iv. Any public international organisation, such as the United Nations, the World Bank, and the International Monetary Fund; and
- v. Any recognised traditional or tribal council, governing body or authority, or any recognised traditional or royal family.

Government official: A “Government Official” means:

- i. Any officer or employee of a Government entity
- ii. Any person acting in an official capacity for or on behalf of a Government Entity; and
- iii. Any candidate for a public office position or any person acting in an official capacity for or on behalf of the candidate.

Politically exposed Persons (PEP): A Politically exposed Person for the purpose of this policy includes:

- Director with a state-owned entity or entity indirectly owned by a government body/ministry
- Minister of State/Department (including secretary to ministers)
- Civil Services Officers (including IAS, IPS, IRS, IFS)

- Affiliation with a political party, as identified through keywords-based searches and reported in the media
- Immediate family member (parents, spouse, and children) of a known PEP, as reported in databases and/or media sources
- Business relationship with a known PEP, as reported in databases and/or media sources (as identified through keywords-based searches)

Third Party Intermediary (“TPI”): It means a service provider, consultant, distributor, contractor, vendor, supplier, or other third party, whether an individual or an entity, who is employed on a contract basis, or retained to assist the Company in any function of the business that requires or involves interaction with any government entity in any of the countries in which the Company operates.

This includes third parties whose primary function is to obtain business or promote the distribution, marketing or sales of its products and services, facilitate performance of contractual obligations, or obtaining licenses, permits, and similar authorizations for the purchase of land, construction and or commissioning of new projects.

Written or In Writing: The terms written or in writing include both paper and electronic communication, such as email.

BRIBES

All Company personnel and Company representatives of the Company must not engage in any form of bribery, to any government official, private party or any third party (such as an agent or third party intermediary) either directly or indirectly.

FACILITATION PAYMENTS & KICKBACKS

Facilitation payments are a form of bribery made for the purpose of expediting or facilitating the performance of a public official for a routine governmental action, and not to obtain or retain business or any improper business advantage.

The Company prohibits all its Company personnel and Company representatives from making any facilitation payments directly or indirectly on behalf of the Company.

BUSINESS EXPENDITURES

Any expenditure for anything of value to be provided to any Government Official must be approved in advance and in writing by the Compliance Officer and CFO.

In all cases, expenditures must be reasonable and directly related to a legitimate business purpose. If the facts and circumstances indicate that a specific expenditure could be construed as a prohibited payment or would create an appearance of impropriety, the expenditure shall be prohibited.

a) Gifts

As per the policy, giving of gifts or favours to anyone and in particular to government officials in an effort to sell products or services or to influence business, labour or governmental decision-making is strictly prohibited.

Special consideration may be given to cultural expectations and customs for example, Diwali gifts. It is recommended that the gifting policy be applied uniformly across levels and prior approval from CEO and Compliance officer should be sought prior to making the gifts.

In case gifts are given to government officials, they should be recorded properly and accurately in the Company's books.

b) Meals and Entertainment

Hospitality in the form of meals and refreshments may be provided to Government Officials in connection with a meeting on the Company's premises for a legitimate business purpose and meals and entertainment are permitted under local law. Meals and entertainment are prohibited to family members or close business associates of a government official.

The Employee intending to offer meals or entertainment to a Government Official must obtain the prior written approval of the respective Head of Department and CFO.

c) Travel and Lodging

In certain circumstance the Company may pay the reasonable travel expenses, including airfare, hotel accommodations, meals and other incidentals, of a Government Official. Specifically, the Company may pay bona fide and reasonable expenses that are directly related to:

- The promotion, demonstration or explanation of the Company's products or services.
- The execution or performance of a contract for example, reasonable expenses may include trips to a Company project site to observe the Company's production processes, or travel expenses of police officers traveling beyond their usual jurisdiction to investigate a theft of Company property.

Key policies for payments of travel and lodging related to government official will include following:

- The government agency, government department, or state-owned enterprise must select the invitees and not the Company.
- The government agency, government department, or state-owned enterprise must approve the proposed visit and itinerary.
- Tickets, hotel accommodation and other travel-related expenses need to be reasonable and commensurate with the Company's travel policies. Company will directly pay airlines and hotels on behalf of the government official and will not reimburse any per diem to the government official. However, Company can also make direct payment for per diem expenses as per the defined limits to respective government department for government official.
- Payment of hotel accommodations or other forms of lodging shall not include long-distance telephone calls, mini-bar usage, television pay-per-view services, or any other additional amenity not included in the base price of the hotel accommodation or lodging.
- Travel will only be for the government official and not for his/ her family members or close business associates.
- Company will not bear the costs related to travel to tourist destinations entertainment, sightseeing excursions or other leisure activities.
- Expenditures for meals and incidentals must be in accordance with Company's travel policies.

In addition to any respective project site/ department approvals that may be required, all proposed payments or reimbursements for travel expenses of Government Officials must be approved in writing by the Compliance Officer and CFO before the travel occurs.

d) Petty Cash Expense for sites (including setting up of site office or Company guest house)

During the first three weeks of setting up of site office or Company guest house, an amount less than INR 20,000** may be provided as cash advance to Company personnel **after obtaining prior approval from CFO**, for petty cash expenses. Per cash fund transfer for the purpose of petty cash should be limited to amount less than INR 20,000**

The amount transferred shall be increased to a maximum of INR 35000 in case the site has more than eight employees as on the date of transfer.

Amount of petty cash can be utilized for specified nature of expenses indicated at time of obtaining approval for release of petty cash amount.

These expense may include expenses for; site establishment (furniture and fixture), setting up of pantry at site (groceries, utensils, and kitchen consumables), drinking water and fuel or for basic expenses incurred for site maintenance like groceries, vegetables, stationery items or medical emergencies.

Prior approval of **Compliance Officer and the CFO** should be obtained, in case of utilization of petty cash for nature of expense not falling in any of the above categories.

**Bills for the amount of petty cash utilized are to be submitted for clearance, prior to raising another request for cash advance.

POLITICAL CONTRIBUTIONS

The Company will not make donations or contributions, whether in cash or kind, in support of any political parties or candidates.

CHARITABLE CONTRIBUTIONS

The Company endeavors to be a positive contributor to the development of the community and in this endeavor it sponsors various community development programs and makes charitable contributions. Often as a leader of the community, the local political figure may be the one asking for the contributions or sponsorships. Sometimes, the local official may ask to contribute to his/ her charitable fund or organisation. Since these contributions may be considered bribes, Company and its personnel must exercise caution.

Any direct or indirect contribution by the Company to any political party, committee or candidate for public office is strictly forbidden, even if permitted by local regulations, unless the formal approval of Company's CEO has been obtained in advance.

Before making any contributions or agreeing to sponsor an event, Company personnel must take into consideration the following points:

- All requests need to be in writing documenting the nature, purpose, value and recipient of the Charitable Contribution.
- If the Charitable contribution is valued at less than INR 10 lakhs, the employee requesting the charitable contribution must obtain the prior written approval of the CSR Committee formed by the company and the Compliance Officer. If the Charitable contribution is valued at INR 10 lakhs or more, prior written approval from the Board of Directors is also required.
- Before making the contribution, the Compliance Officer must consider that adequate due diligence be conducted on the entity and the key personnel to ensure that Company is not exposed to any risk. At the minimum, this process must include a background check on the entity and the key individuals and their relationships with government entities and officials, politically exposed persons ("PEP"), if any. The process must also attempt to establish the organization's track record and reputation.
- All contributions will be made by the Company and not by a Company personnel in his/ her individual capacity.
- No contributions will be made in cash. For donations / contributions to be made in cash, the necessary approval should be taken in advance from the CFO and Compliance Officer of the Company.
- All contributions will be evidenced by a receipt/acknowledgement that should be documented and maintained on record.

INSPECTIONS BY GOVERNMENT OFFICIALS

Every time a Government Official arrives at Company premises including project sites, to conduct an inspection, Company personnel should intimate about the visit and purpose thereof to the Compliance Officer. The following procedures should be followed:

- i. The Company personnel should direct the Government official to the Compliance officer or the Project manager or the Operations Manager or to the authorised person.
- ii. A log must be maintained on site at the Company premises or project sites or Corporate office to record the date, name of Government Official, title and his/her Government Entity and purpose of each visit. This log will be maintained by Site Incharge/ local officer incharge at site and project sites and Vice President HR at Corporate Office.
- iii. If any expenses including any meals, travel or lodging are incurred during the inspection, these expenses must be recorded and must be consistent with this policy.

FINES AND PENALTIES

In certain circumstances fines and penalties are imposed on the Company by a Government Entity in connection with operations of the Company's project sites, and or other facilities for violation of local regulations.

The copy of such notice for fines and penalties should be sent to the Compliance Officer or the CFO. Upon approval from the Compliance Officer and the CFO, fines and penalties shall be paid solely from funds transferred directly to the Government Entity from the Company's corporate office via wire transfer or cheque, and a receipt or other written acknowledgement of the payment shall be obtained from the Government entity. CEO to be informed if any fine/ penalty is over INR 50,000.

A copy of the receipt or other written acknowledgement shall be sent to the Legal department and Compliance Officer for record keeping. Any deviations from the Procedures must be approved in advance and in writing by the Compliance Officer.

REAL ESTATE TRANSACTIONS WITH GOVERNMENT ENTITIES

All payments for purchase or lease of land will be made by the Company and not by individual Company personnel. As a matter of policy the use of cash for such payments is strongly discouraged, and is only permitted where no other option is available. For any payments to be made in cash directly by the Company or through brokers or third parties, approval should be taken in advance from the CEO and Compliance Officer of the Company.

All payments will be evidenced by a receipt/ acknowledgement that should be documented and maintained on record. The Project Development team should also maintain all original documents and records pertaining to the purchase/ lease of the land.

As and when the Company intends to purchase or lease property, the Project Development team shall identify if the land owner is a Government entity or not and ensure compliance with the following:

i. Purchase/Lease of Real Estate from Government Entities

In case the owner of the land is a Government entity, the Project Development Team shall obtain a copy of the respective State Government policy providing the standard purchase or lease rates for the land being considered for purchase or lease.

The Compliance Officer will review the above mentioned State Government policy/ rates and ensure consistency with the documents provided by the Project Development team.

ii. Purchase/Lease of Real Estate from Non-Government Entities

- **In case the size of land to be purchased/leased from a particular seller/lessor is 60 acres or more,** the Company shall conduct diligence procedures on the land owner and identify if the seller or the lessor is (1) a Government Official, (2) a family member of a Government Official, (3) a close Business Associate¹ of a Government Official, or (4) a politically exposed person. For each plot of land (or group of plots purchased from a single source) greater than 60 acres, the Project Development lead shall, in a memorandum to the Compliance Officer of the Company, certify that the PD team has conducted the necessary diligence. This memorandum shall either (a) identify the relevant seller/lessor and his category, or (b) certify that the seller/lessor does not fit into any of these categories. In the former instance, the Compliance Officer will initiate procedures to conduct a risk evaluation of the purchase or lease.

¹ A business associate would be (1) a frequent business partner of a Government Official, (2) an entity where more than 20% stake is that of a Government Official, or (3) anyone known or believed to be acting on behalf of the Government Official in the transaction at issue.

To assist the Compliance Officer's review of the proposed purchase or lease transaction, the Project Development team will share the details of the transaction with the Compliance Officer.

If the Compliance Officer reviews the FMV analysis prepared by the PD team and approves the proposed purchase or lease, the Company shall execute a written agreement for the purchase or lease that contains appropriate anti-corruption language (depending on the circumstances of the engagement).

- **In case the size of land to be purchased is less than 60 acres, the agreement with** the land aggregator must require him to notify Azure if he is aware that if any of the landowners are government officials, closely related to government officials, or business associates of government officials.

To the extent possible, the Company should avoid purchase of land from Government officials and shall accordingly issue instructions to the land aggregators. The Project Development team will inform the CEO of the Company to approve the exceptional purchase/ lease of such land.

Project Development team shall cross check if the Government official involved has any role/ responsibility or is a decision maker in any business matter of the Company. If yes, additional approval must be sought from the Compliance Officer.

The project development team must ensure that in no circumstance, the landowner who is a government official (or is related to one) is paid more than the market rate for his/her land. Project Development team shall be required to maintain documentation to provide for FMV analysis on the property purchased/ leased.

Involvement of third party in real estate transaction with Government Entity or Government Official

If a broker or third party was involved in site selection and liaising with government officials or government entities on behalf of the Company, the Project Development Team should inform the Compliance Officer about such involvement. Such broker or third party should undergo the diligence procedures for Third Part Intermediaries as provided in this policy. The Company shall also execute a written agreement with the broker or third party that contains the appropriate anti-corruption language depending on the circumstances of the engagement.

iii. Sales and Leases of Real Estate to Government Entities and Government Officials

As and when the Company intends to sell or lease its own property, the Project Development team shall determine whether the buyer or the lessee is a Government Entity, Government Official, Family member of a Government Official, or a close Business Associate of a Government Official or a politically exposed person.

If the buyer or the lessee is a Government Entity, Government Official, family member of a Government Official, or a close Business Associate of a Government Official, or a politically exposed person, the Project Development team will inform the Compliance Officer of the company. The Compliance Officer will initiate procedures to conduct a risk evaluation of the sale or lease before the transaction proceeds.

To have the Compliance Officer review the proposed sale or lease transaction, the Project Development team will send the Compliance Officer a completed Real Estate Transactions Request.

The Compliance Officer will review the FMV analysis prepared by the Project Development and may require that a due diligence be conducted by a service provider before approving or rejecting the sale or lease.

If the Compliance Officer approves the proposed sale or lease, the Company shall execute a written agreement for the sale or lease that contains the appropriate anti-corruption language depending on the circumstances of the engagement.

The Project Development team should also maintain all original documents and records pertaining to the sale/ lease of the land.

THIRD PARTY DUE DILIGENCE PROCEDURES

Third Party Intermediary (“TPI” or “Intermediary”) means a service provider, agent, consultant, distributor, contractor, vendor, supplier, or other third party, whether an individual or an entity, who is employed on a contract basis, or retained to assist the Company in any function of the business that requires or involves interaction with any government entity, government officials in any of the countries in which the Company operates.

The Company recognizes that there are circumstances in which relationships with TPI’s will be required or prudent from a commercial perspective during different stages of the project:

1. Pre-acquisition of land
2. Post-acquisition of land
3. During commissioning of the project
4. Post commissioning of the project

However, public corruption often occurs when companies use TPI’s to obtain business, licenses or permits, regulatory approvals from the government authorities on their behalf. The Company can face liability under anti-corruption laws based on improper payments made by its subsidiaries, joint venture, special purpose vehicles or other service provider, agents, consultant, distributor, contractor, vendor, supplier, or other third party, whether an individual or an entity, on the Company’s behalf, regardless of whether the Company had any knowledge of the improper payments.

For that reason, the Company must deal with only such TPIs who are prepared to apply the same standards of business conduct as the Company does itself. In those circumstances where third-party relationships are required, the Company must choose its TPIs very carefully.

Prior to entering into an agreement with any such TPI, appropriate due diligence must be performed on the TPI.

In the absence of compliance with all the third party due diligence procedures detailed below, the Finance team should not make any payment to the TPI.

Identification of TPI

Each department/ project site/ business unit must identify such TPIs for their operations. Once the department/ project site/ business unit identifies a potential TPI the department must provide the intermediary with the due diligence questionnaire for completion.

The due diligence questionnaire requires the intermediary to provide detailed information regarding its business background and capabilities. It is the responsibility of the respective department to obtain a complete questionnaire and provide the completed questionnaire to Compliance Officer.

The due diligence must take place before the intermediary is retained and must be updated when extending or renewing an intermediary's contract. In case of an emergency, where an intermediary commences the work prior to completion of the due diligence and approval by Compliance Officer, department/ project site/ business head should provide reasons in writing and due diligence should be completed within 30 days.

The interim appointment agreement / letter issued to such intermediaries should contain the following verbiage *"The terms and conditions set out in this letter are in all respects subject to the satisfactory completion of due diligence evaluation procedures."*

In case such intermediary continues to work even after 30 days, without due diligence, the matter shall be reported by the department/ project site/ business head without fail to CEO, CFO and Compliance Officer.

As a policy, no department/ project site/ business unit shall take any further action with respect to an applicant intermediary until Compliance Officer has provided the respective department/ project site/ business unit with the results of the due diligence and whether the intermediary, in his opinion, should be accepted or rejected based on the factual data made available to him. In case of rejection by Compliance Officer, the matter shall be informed to CFO and CEO of the Company.

TPI Due Diligence

Prior to conducting due diligence, a detailed due diligence questionnaire must be completed for all existing and new intermediaries identified. Due diligence is the process of identifying facts about the company and its promoters who may expose the Company to a risk and involves assembling substantial information about intermediaries.

Due diligence will seek to identify sanctioned parties, state-owned companies, Government Officials, and other "politically-exposed persons" ("PEP") or entities. Additionally, the media review will seek to identify potentially adverse information with respect to allegations of corruption, collusion, other illegal activities, or other matters that have a significant impact on reputation.

The Compliance Officer may conduct an internet based research and may use the following sources for conducting due diligence:

- Watchout Investors.
- Ministry of Corporate Affairs.

- Securities and Exchange Board of India.
- Court nic.
- Central Board of Excise and Customs websites,
- ISI Emerging Markets.
- Other global media sources, including, but not limited to, India media sources.

The Purchase Committee of the company, may appoint a service provider to conduct the due diligence review for intermediaries. The Service Provider may be an internal group, an outside auditing firm, or outside counsel etc. and will conduct the risk-based due diligence as per instructions from the Compliance Officer of the Company.

The due diligence procedures could include, but is not limited to the following:

- Review information for corporate registry and business directory information on the prospective intermediary, to help establish existence, operations, and place(s) of business.
- Understand the qualifications and associations of its third-party partners, including its business reputation, and relationship, if any, with government officials.
- Understand the business rationale for including the third party in the transaction.
- Understand the role of and need for the third party and ensure that the contract terms specifically describe the services to be performed.
- Identify any adverse reputational information from global media and the Internet to identify allegations or findings with respect to corruption, fraud, misconduct, or other business issues.
- Review information on shareholders, owners and directors as well as their related corporate interests and gather background information on key members of management/owners, including adverse information, litigation and sanctions screening and if appropriate, on-site visits
- Verify payment terms and how those payment terms compare to typical terms in that industry and country, as well as the timing of the third party's introduction to the business.
- Retrieve corporate filings, annual filings, licenses and retrieval of civil and criminal litigation filings, as permissible in the relevant jurisdiction.
- Review of any potential government contracts and government relationships.
- Review of bankruptcies, judgments, and liens, as available in the relevant jurisdiction.
- Confirm and document that the third party is actually performing the work for which it is being paid and that its compensation is commensurate with the work being provided.

Due Diligence Reports

The Compliance Officer or such service provider/ consulting firm appointed will provide a written report of the screening results explaining its findings and the reasons for any concerns raised, including any negative information or red flags upon receipt of the due diligence conducted. The report will also include any inconsistencies between the information submitted in the due diligence questionnaire and

information discovered in the diligence process. It is responsibility of the Compliance Officer to review and assess the screening results provided by such third party/ consulting firm.

Common red flags associated with third parties include:

- Excessive commissions to third-party agents or consultants;
- Unreasonably large discounts to third-party distributors;
- Third-party “consulting agreements” that include only vaguely described services;
- The third-party consultant is in a different line of business than that for which it has been engaged;
- The third party is related to or closely associated with the foreign official;
- The third party became part of the transaction at the express request or insistence of the foreign official;
- The third party is merely a shell company incorporated in an offshore jurisdiction; and the third party requests payment to offshore bank accounts.

Following analysis of the screening results the Compliance Officer will take one of the following actions:

- Report to the respective department that no negative information was found and approve the intermediary; or
- Report to the respective department that negative information was found, and
 - Reject the Intermediary for appointment, or
 - Approve the intermediary and provide written explanation for the reasons for acceptance of intermediary, subject to ratification of such appointment by the Board of Directors in the next board meeting.

Contracts/ agreements with TPIs

All contracts, without exception, must be written detailing the scope of work, legally vetted and executed with the TPI:

- informing it of the Company’s anti-corruption policies and committing it not to engage in any corrupt practice;
- permitting the Company to request an audit of the Third Party’s books and accounting records by an independent auditor to verify compliance with these Rules;
- adding a provision allowing it to suspend or terminate the relationship, if it has a unilateral good faith concern that the party has acted in violation of applicable anti-corruption law; and
- providing that the Third Party’s remuneration shall not be paid in cash and shall only be paid in (i) the country of incorporation of the Third Party, (ii) the country where its headquarters are located, (iii) its country of residence or (iv) the country where the mission is executed.

In case a TPI refuses to sign-off on the anti-corruption verbiage or recommends changes, the TPI should not be appointed or retained to work with the Company. In case the TPI requests for some minor changes

in the anti-corruption verbiage, Compliance Officer can agree to the same in consultation with the CFO and CEO.

Disclosures

All **TPIs**, regardless of tenure, must provide a signed declaration to the Company acknowledging that they have read and understood the Company's anti-bribery & corruption policy.

Certification

Each TPI will certify annually that it understands and has complied with the anti-bribery and corruption laws including FCPA, Indian anti-corruption laws, and other applicable jurisdictions in all activities undertaken on behalf of the Company. The certification shall be obtained prior to completion of 12 months from the date the intermediary was approved by the Compliance Officer or at the time of renewal of contract, whichever is earlier.

The respective department for each TPI will be responsible for obtaining the annual certifications.

The original executed certification will be delivered to Compliance Officer and will be retained with the TPI's executed agreement.

A copy of the certification will be delivered to Compliance Officer to be retained with the diligence documents related to that TPI.

Document Retention

Unless Indian law requires a longer period, the Compliance Officer shall arrange to retain all documents related to the diligence process for five (5) years from the date that the agreement with the Intermediary expires or is terminated or the intermediary is rejected.

Database for rejected intermediaries

The Compliance Officer or a selected third-party provider shall maintain an internal database of rejected intermediaries. Once an intermediary has been rejected, the Compliance Officer or a selected third-party shall provide the rejected intermediary name, address and other relevant information to Legal and the Finance Department so that the TPI cannot be accepted as a supplier or to immediately block any transactions with the TPI.

EMPLOYEE DUE DILIGENCE

Prior to hiring a senior management level employees the Human Resource Team should request the Compliance Officer to initiate the process of employee due diligence on the prospective employee.

Based on the scope of work and responsibilities for the proposed employee the Compliance Officer should get appropriate due diligence conducted on the prospective employee.

In the absence of compliance with all the third party due diligence procedures detailed below, the Finance team should not make any payment to the TPI.

Due diligence will seek to identify any relationships between the prospective employee and Government officials and entities and other “politically-exposed persons” (“PEP”). Additionally, the media review will seek to identify potentially adverse information with respect to allegations of corruption, collusion, other illegal activities, or other matters that have a significant impact on reputation.

The Purchase Committee of the company, may appoint a service provider to conduct the due diligence review for prospective employees. The Service Provider may be an internal group, an outside auditing firm, or outside counsel etc. and will conduct the risk-based due diligence as per instructions from the Compliance Officer of the Company.

RISK ASSESSMENT

An annual FCPA Risk assessment shall be initiated by the Compliance Officer of the Company.

Anti-corruption risk assessment, broadly defined, encompasses the variety of mechanisms that enterprises use to estimate the likelihood of particular forms of corruption within the enterprise and in external interactions, and the effect such corruption might have. Effective risk assessment means:

- Understanding the enterprise
- Asking questions broadly
- Understanding the environments in which it operates
- Understanding who the enterprise is dealing with, in both the public and private sector
- Understanding how various anticorruption programmes and controls are working in the enterprise, and their effect on risks

The Resource Guide to the Foreign Corrupt Practices Act in 2012 notes that the SEC and DOJ will evaluate an enterprise’s risk assessment when assessing an enterprise’s compliance programme, and suggests that:

- Enterprises should avoid a one-size-fits-all approach to an anti-corruption risk assessment
- Risks should be identified by level as high, medium or low
- Factors including industry, country, size, nature of transactions and amount of third party compensation should be considered when assessing corruption risk

There are many different ways for an enterprise to collect relevant data and information on why and how corruption risks may occur. These may include:

- Desktop research.

-
- Reports from the internal audit function on compliance risks, past incidents of noncompliance, and common corruption risks.
 - External sources, such as research on corruption cases or allegations in the industry and country profiles.
 - Understanding of the specific areas of potential direct and indirect interaction with government employees.
 - Interviews with individuals from functions such as legal, risk management, ethics and compliance, internal audit and procurement, as well as with senior management of business/divisions at the country, regional, or local level.
 - Surveys, including self-assessments of employees and external parties.
 - Workshops or brainstorming sessions to explore corruption risks.

Effective anti-corruption risk assessment should be performed on an annual basis. There also may be triggering events such as entry into new markets, significant reorganisations, mergers, and acquisitions that will create opportunities for refreshing the risk assessment. Compliance Officer of the Company should be responsible for performing the risk assessment and reporting periodically to those charged with governance on the status and results of the anti-corruption risk assessment as well as on the implementation of any resulting risk mitigation action plans.

RECORD KEEPING, FINANCIAL AND ACCOUNTING PROVISIONS

Company Personnel must follow all applicable standards, principles, laws, regulations, and Company practices for accounting and financial reporting. All required reports and records must be completed by the company personnel timely and accurately. All Company Personnel must obtain all required approvals in accordance with the accounting policy/ manual and the Travel Policy before providing any gift, entertainment, or travel.

Prior to paying or authorising a payment, Company Personnel should ensure that no part of such payment is to be made for any purpose other than is fully and accurately described in the Company's books and records. All gifts, entertainment, or travel provided to a government official must be reported.

No undisclosed or unrecorded accounts of the Company are to be established for any purpose, and false or artificial entries are not to be made in the books and records of the Company for any reason whatsoever. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy, the accounting policy/ manual and the Travel Policy or any of the Company's other policies.

FCPA requires the Company to "make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. The Company's records should ensure that:

- All financial transactions are adequately identified and properly and fairly recorded in appropriate books and accounting records available for inspection by their Board of Directors or other body with ultimate responsibility for the Company, as well as by auditors;
- There are no “off the books” or secret accounts and no documents may be issued which do not fairly and accurately record the transactions to which they relate;
- There is no recording of non-existent expenditures or of liabilities with incorrect identification of their objects or of unusual transactions which do not have a genuine, legitimate purpose;
- Cash payments or payments in kind are monitored in order to avoid that they are used as substitutes for bribes; only small cash payments made from petty cash or in countries or locations where there is no working banking system should be permitted;
- No bookkeeping or other relevant documents are intentionally destroyed earlier than required by law;
- Independent systems of auditing are in place, whether through internal or external auditors, designed to bring to light any transactions which contravene these Rules or applicable accounting rules and which provide for appropriate corrective action if the case arises;
- All provisions of national tax laws and regulations are complied with, including those prohibiting the deduction of any form of bribe payment from taxable income.

The Finance Department of the Company shall maintain accounting procedures, financial reporting and controls, and the Internal Audit Department shall design an internal audit program for the Company. Monitoring and auditing systems are in place to detect violations of Company policy and of applicable laws.

In particular, the Company will monitor and review, through periodic risk assessments and compliance audits to be conducted by the Internal Auditor/ any other party that the Company may deploy for this purpose, business expenditures, the records of Company Personnel who have discretionary authority over Company assets, who are likely to come into contact with government officials, or who submit financial data that affects Company financial statements or reports.

If, at any time, a Company Personnel has information or knowledge of any unrecorded or mischaracterised asset or fund, such information must be reported directly in accordance with the procedures set out in the Company’s Whistle blower Policy.

DOCUMENT RETENTION

Unless Indian law requires a longer period, the Company shall retain all documents related to the expenditure for five (5) years from the date of incurring such expense.

JOINT VENTURES AND SPECIAL PURPOSE VEHICLES (SPV)

Azure Power may be held liable for corrupt activities on the part of its joint ventures and special purpose vehicles (‘SPV’), if any. All joint ventures and SPVs must follow this policy. In case the Joint venture is

not majority owned or controlled by Azure Power, the joint venture must implement this policy or a policy which is no less stringent.

All Joint venture partners must certify their compliance with Azure Power's policies and procedures related to anti-corruption and applicable anti-corruption laws.

REPORTING OF VIOLATIONS

Company Personnel who are or become aware of or suspect a violation of this Policy and/ or the Anti-bribery and corruption Laws are under an obligation to report the same to the Company.

Violations or suspected violations should be reported by contacting the Compliance Officer or reporting as per the procedures set out in the Company's Whistleblower Policy. Reports may also be made anonymously.

The Company will not take any adverse action against anyone for providing truthful information relating to a violation of law or Company policy, and the Company will not tolerate any retaliation against persons asking questions or making good faith reports of possible violations of this Policy. Anyone who retaliates or attempts to retaliate will be disciplined. Any person who believes he or she has been retaliated against should immediately follow the instructions in the Company's Whistleblower Policy.

INVESTIGATIONS

Investigations of an alleged violation of the Policy or the procedures shall not be commenced in any form by any Business unit/ Department/ Project Site without the written approval of the Ethics Committee.

All employees and third parties are expected to cooperate with investigations undertaken or approved by the Compliance Officer, Ethics Committee and the Legal Team.

DISCIPLINARY ACTION ON NON-COMPLIANCE

Violations of this Policy will not be tolerated. Any Company Personnel who violates this Policy will be subject to disciplinary action up to and including termination of employment or relationship with the Company.

ANTI BRIBERY AND CORRUPTION TRAINING

The policy requires all Company personnel, TPIs, etc., depending on their job scope, to undergo the Company's anti-bribery and corruption training course/s, which will be rolled out by the Company from time to time. The course/s may be conducted **on-line or in-person** and will be administered by the Company's Compliance and Ethics Department/ Human Resources.

Notification for these trainings will be sent via email that they are required to take the course/s. Those required to take such course/s must do so within the notified timeframe and repeat the course/s as and when required.

Failure to do so without justification will be viewed very seriously by the Company and could result in financial penalties, suspension and/or termination of employment/ contract/ and/or representation of Azure Power.

A. ANNUAL TRAINING

Annual training is required for all Company personnel in Departments that either interact directly with Government Officials and Entities or engage TPIs that do so or are ex-government employees. All relevant Company personnel will receive on-line or in-person trainings.

In addition, training is also required for all Company personnel that provide accounting, administrative or other support to those Departments which engage with government officials and entities.

B. ON-BOARD TRAINING

All New employees in the Company shall be provided with ABC training by the Company's Compliance and Ethics Department/ Human Resources as part of their on-boarding process.

C. TRAINING CERTIFICATIONS

Each attendee should be provided with and sign a certification that states that the employee understood the training and understands his or her obligation to abide by the Company's Policy, Procedures, and applicable laws.

D. TRAINING RECORDS

For each training session conducted, the Compliance Officer will create and retain a record of the training that includes the following:

- a description of the nature and the purpose of the training,
- the name of the person conducting the training,
- a list of attendees, and
- a copy of the materials used.

These training records shall be retained for a period of five (5) years from the date of the training.

REPORTING TO BOARD ON COMPLIANCE MATTER

The Compliance Officer of the Company will update the Board of Directors on performance of the FCPA compliance program on a quarterly basis. The report may include the following Key Performance Indicators of the latest completed quarter:-

1. Anti-bribery and Corruption risk assessment:

- Total number of intermediaries identified.
- List of intermediaries engaged without completion of due diligence assessment and status of subsequent action taken in this regard.
- Number of due diligence assessments completed and no of intermediaries approved/rejected with reasons.
- Potential red flags identified

2. Anti-bribery and Corruption policy and procedure compliance:

- Total business expenditure incurred on gifts, meals, entertainment, travel & lodging, charitable contributions and donations to Government official.
- Reporting any exceptions noted where business expenditure was not approved as per the policies defined in these procedures or expenditure exceeded the sanctioned limits.

3. Anti-corruption Training and workshops:

- Number of training sessions conducted during the latest completed quarter vis-à-vis planned trainings.
- Number of participants who successfully completed the trainings vis-à-vis no of participants scheduled for such trainings.

4. Whistle-blowing reports and resolutions with respect to anti-corruption incidents or policy violations:

- The total number and nature of anti-corruption incidents or policy violations reported during the quarter (along with details of amounts involved) via following channels:
 1. Complaints lodged with Compliance Officer
 2. Whistle-blowing helpline or email
- Status of investigation reports of the possible violations.

IMPLEMENTATION OF THE POLICY & PROCEDURES

Within a company, compliance begins with the board of directors and senior management setting the proper tone for the rest of the Company. Hence, the Board of Directors and the senior management should play a role in the launching of the programme and demonstrate ownership and commitment to the policy “tone from the top”.

The Company will inform all existing Company personnel about this policy and their role in the implementation of the policy. They will also give all new Company personnel notice of the policy on induction to the Company. All Company personnel are required to adhere to and support the implementation of the policy.

This policy will be implemented through the development and maintenance of procedures, using template forms and guidance in the form of trainings, other communications given to Company personnel on the process.

The Compliance Officer should monitor the policy and implementation and periodically review the programme’s suitability, adequacy and effectiveness and implement improvements as appropriate.