

Talcher Fertilizers Limited
Fraud Prevention Policy

1.0 POLICY OBJECTIVES:

Objective of the Policy is to provide a system for prevention, detection and reporting of a fraud detected or suspected; and, handling of such matters pertaining to fraud. In order to adequately protect the organization from the financial and reputational risks posed by any frauds, framework has been put in place to identify measure, manage, monitor and report occurrence of frauds in the company.

The policy will ensure and provide for the following: -

- (i) To ensure that management is aware of its responsibilities for prevention and detection of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs.
- (ii) To provide a clear guidance to employees and others dealing with company:
 - forbidding them from involvement in any fraudulent activity and
 - action to be taken by them where they come across or suspect any fraudulent activity.
- (iii) To conduct investigations into fraudulent or suspected activities.
- (iv) To provide assurances that any and all suspected fraudulent activity will be fully investigated.
- (v) To provide training on fraud prevention and identification

Note: The above guidelines will not be in conflict with the guidelines issued by the Central Government/ Department of Public Enterprises and Central Vigilance Commission as amended from time to time.

2.0 SCOPE OF THE POLICY:

2.1 This policy applies to any fraud, or suspected fraud in connection with business transaction(s) with TFL committed by employee(s), ex-employee(s) working as advisor(s), person(s) engaged on adhoc/ temporary/ contract basis, probationers and trainees, vendor(s), supplier(s), contractor(s), customer(s), lender(s), consultant(s), service provider(s), any outside agency(ies) or their representative(s), employees of such agencies and/or any other parties.

2.2 The Policy applies to all department and functions across all units of the company.

3.0 DEFINITION:

- 3.1** As per Section 447 of The Companies Act, 2013, “**Fraud**” in relation to affairs of a company or anybody corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- “wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled;
 - “wrongful loss” means the loss by unlawful means of property to which the person losing is not legally entitled.

The illustrative list of fraudulent practice (s) is provided in Section 4 of this policy.

- 3.2** “Nodal Officer” shall not be below the level of Chief Manager. Corporate Nodal Officer shall not be below the level of General Manager. The Managing Director shall appoint Nodal officer and Corporate Nodal Officer for Project Office, Noida /Bhubaneswar & Site Office, Talcher.
- 3.3** The authority to notify the name and designation of Nodal Officer, who will discharge the duties and responsibilities of nodal officer during his/her leave, will be with the Managing Director.

4.0 ACTIONS CONSTITUTING FRAUD:

While fraudulent activity could have a very wide range of coverage, following are some of the act(s) which constitute fraud. The list given below is only illustrative and not exhaustive:

- (i) Forgery or unauthorized alteration of any document or account belonging to the company.
- (ii) Forgery or unauthorized alteration of cheque, bank draft, E-banking transactions or any other financial instrument etc.
- (iii) Misappropriation or embezzlement of funds, securities, supplies or others assets by fraudulent means etc.
- (iv) Falsifying records such as pay rolls, removing the documents from files and /or replacing it by a fraudulent note etc.
- (v) Willful suppression, alteration or manipulation of facts or deception in matters of appointment, placements, submission of reports to tender committee, disclosing confidential/proprietary information to

unauthorized parties, conflict of interest, etc. as a result of which a wrongful gain(s) is/are made to one and wrongful loss(s) to the others.

- (vi) Utilizing Company funds for personal or other than official purposes.
- (vii) Authorizing or receiving payments for specified goods not supplied or services not rendered or for inferior goods and services which are not as per the specified quality or quantity.
- (viii) Destruction, disposition, removal of records or any other assets of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/ suppression/ cheating as a result of which objective assessment/decision would not be arrived at/is hampered.
- (ix) Manipulating or unauthorized interfering with the electronic/manual records, or electronic data processing system in any way.
- (x) Impropriety in the handling money/Irregularity in recording and reporting financial transactions.
- (xi) Irregularities or deliberate inaccuracies in any kind of report, which may lead to distortion of facts and adversely affect the process of decision making.
- (xii) Financial loss or data loss which impacts the company, or its officers occurred via cybercrime, ransomware or social engineering attacks (email phishing, identity theft, etc.)
- (xiii) Transfer of company's related confidential information to personal accounts or unauthorized individuals.
- (xiv) Sharing of company related confidential information or trade secrets through various social media platforms.
- (xv) Willfully causing loss of revenue or reputation of the company in any manner.
- (xvi) Accepting or seeking anything of material value (bribery and kickbacks) from contractors, vendors, customers, consignment stockist, banks, counterparties, stakeholders or any other person having association with the company.
- (xvii) Any other act or attempts that falls under the gamut of fraudulent activity and considered as such by the management.

5.0 NODAL OFFICER RESPONSIBILITIES IN RELATION TO FRAUD PREVENTION AND IDENTIFICATION

5.1 Nodal Officer(s) shall share the responsibility of prevention and detection

of fraud and for implementing the “Fraud Prevention Policy” of the Company. It is the responsibility of all Nodal Officer(s) to ensure that complete mechanism in respect of Fraud Prevention Policy is in place within his area of control to:-

- I. Respective Nodal Officers shall prepare fraud risk assessment and evaluate existing controls and identify if any additional controls are required to be implemented.
- II. Respective Corporate Nodal officer/ link Nodal officer shall consolidate and prepare fraud risk assessment reports received from Sites/Project offices/Corporate Office, prepare a Fraud Risk Assessment Report and put up to the concerned Director on quarterly basis with a copy to CVO.
- III. Maintain repository of consolidated Fraud Risk Register identified for their respective functions.
- IV. Corporate Nodal Officer to monitor implementation of controls identified by the respective nodal officers for fraud vulnerabilities for high, medium and low risk areas.
- V. Maintain date wise receipts and forwarding of complaints to Director concerned and Managing Director.

6.0 RESPONSIBILITY FOR FRAUD PREVENTION:

6.1 Every employee (full time, part time, adhoc, temporary, contract, probationers and trainees), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) or their representative doing any type of business with TFL, is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that a fraud or suspected fraud has taken place or is likely to take place they should immediately apprise the same to the concerned as per the procedure.

6.2 All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Policy of the Company. It is the responsibility of all controlling officers to ensure that there are mechanisms in place within their area of control to:-

- Familiarize each employee with the types of improprieties that might occur in their area.
- Educate employees about fraud prevention and detection.
- Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.

- Promote amongst employees, awareness of ethical principles subscribed to by the Company.
- Controlling Officers should evolve adequate mechanism to prevent fraud in their respective areas of operation.
- Adequate and timely action should be initiated if a fraud is likely to be committed or has already been committed.
- It is the responsibility of each controlling officer to regularly monitor all systems and procedures in their respective areas of operation to ensure that the possibility of fraud is eliminated.

6.3 Due amendments shall be made in the general conditions of contracts of the organization wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the Fraud Prevention Policy of TFL and not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately apprise the organization of the fraud/suspected fraud as soon as it comes to their notice.

These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.

7.0 REPORTING OF FRAUD:

7.1 Any employee (full time, part time or employees appointed on adhoc/temporary/contract basis, probationers and trainees), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with TFL as soon as he/she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). Such reporting shall be made to the designated Nodal Officer(s).

7.2 The reporting of the fraud normally should be in writing. In case the reporter is not willing to furnish a written statement of fraud but is in a position to give sequential and specific transaction of fraud/suspected fraud, then the officer receiving the information/Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official / employee / other person reporting such incident.

7.3 Reports can be made in confidence and the person to whom the fraud or suspected fraud has been reported must maintain the confidentiality with respect to the reporter and such matter should, under no circumstances, be discussed with any unauthorized person.

- 7.4** All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.
- 7.5** The "Nodal Officer" shall act as co-ordinator and refer the details of the fraud/suspected fraud to the Managing Director (MD) through Director concerned immediately.
- 7.6** Nodal officer will take approval from MD through Director concerned and will refer the case to CVO for further investigation and needful action.
- 7.7** This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Department of their own as part of their day to day functioning.
- 7.8** Anonymous and Pseudonymous complaints received will not be entertained.
- 7.9** Complaint shall be accepted through e-mail/telephone/written complaints by the Nodal Officers in line with above guidelines.
- 7.10** Nodal officer upon receipt of any fraud / suspected fraud shall inform to the concerned authority for appropriate action to ensure that all relevant records documents and other evidence is being immediately protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official.
- 7.11** After completion of the investigation, due & appropriate action (which could include administrative action, disciplinary action, civil or criminal action or closure of the matter if it is proved that fraud is not committed etc. depending upon the outcome of the investigation) shall be undertaken by the competent authority.

8.0 ADMINISTRATION AND REVIEW OF THE POLICY:

The Board will regularly review the progress in implementation of this Policy. The policy shall be revised or amended as and when required with the approval of the Board.

MD shall be responsible for the administration of the Policy.

Incorporation of fraud prevention policy in Tenders, contracts of outside agency to be done.

9.0 MAINTAIN CONFIDENTIALITY:

Confidentiality should be maintained of all matters under this Policy, and the same should be disclosed / discussed only to the extent or with those person(s) as required under this policy for completing the process of investigation and keep the papers and other materials in safe custody.

10 Disciplinary Action Plan:

Failure to comply with this policy would attract the disciplinary action in the following may:

(i) An employee who will found to be engaged in any form of fraud will be subjected to disciplinary action.

(ii) An employee who suspects or discovers fraudulent activity and fails to report the same as required by this policy or an employee who intentionally reports false or misleading information will be liable to be subjected to disciplinary action.

(iii) If an employee of the Division / Branch in which fraud is committed does not pass to the Nodal Officer or immediate controlling officer a report of suspected fraud by another employee or any other person, he/she will be subject to disciplinary action.

(iv) All stake holders of Coal India whether active or not can attract an action against any fraud event. There will be a defined action grid on the basis of which action will be taken on them which may include blacklisting, fine & penalty.

11 Recovery of Fraud Loss:

Upon detection of a fraud, the Division or Branch Offices concerned should make every effort possible to recover the loss amount involved. Loss mitigation action will include recovery from concerned employee/customer / outsider and initiating legal action like filing of recovery suits, wherever feasible