



Fraud Prevention Policy

**INDRADHANUSH GAS GRID LIMITED
5TH FLOOR, CENTRAL MALL,
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GUWAHATI- 781005, ASSAM**

"Fraud Prevention Policy"

1.INTRODUCTION:

1.1 INDRADHANUSH GAS GRID LIMITED (IGGL), a Joint Venture (JV) of IOCL, ONGC, GAIL, OIL and NRL, having its registered office at Guwahati in the State of Assam, targeting on being the leading company in natural gas and beyond with global focus, committed to customer care, value creation for all stakeholders and duly aware of environmental responsibility entrusted to it, enters into various activities in gas.

1.2 IGGL has put in place various policies, systems and procedures to guide employees for undertaking various transaction(s) within and outside organization to conduct the same in a transparent & uniform manner.

1.3 Department of Public Enterprises (DPE) issued revised guidelines on Corporate Governance for Central Public Sector Enterprises on 14.05.2010. These guidelines being mandatory in nature, inter alia, stipulate that BOARD should implement policies and procedures to include:

- I. Staff responsibilities in relation to fraud prevention and identification;
- II. Responsibility of fraud investigation once a fraud has been identified;
- III. Process of reporting on fraud related matters to management;
- IV. Reporting and recording process to be followed to record allegation of fraud; and
- V. Requirement of training to be conducted on fraud prevention and identification.

1.4 In the light of the foregoing and keeping in view the approach of IGGL in following Corporate Governance principles proactively, it is appropriate that a Fraud Prevention Policy is formulated and implemented.

1.5 The policy statement is given below for implementation with immediate effect.

2. POLICY OBJECTIVES:

2.1 Objective of the Policy is to provide a system for detection, prevention and reporting of a fraud detected or suspected; and, handling of such matters pertaining to fraud.

2.2 The Policy guidelines as enumerated below stipulate as under:

- I. To ensure that management is aware of its responsibilities for detection and prevention 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 IGGL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity;
- III. to conduct investigations into fraudulent or suspected fraudulent activities; and
- IV. to provide assurance that any and all suspected fraudulent activity/ activities will be fully investigated.
- V. to provide training on fraud prevention and identification.

2.3 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.

2.4 The Policy is expected to ensure and provide for the following:

- I. The 'Fraud Prevention' is the responsibility of all – a 'culture' is to be created.
- II. That the management is fully aware of its responsibilities for detection and prevention of fraud and

also for:

- III. Establishing procedures for preventing frauds and/ or Detecting fraud when it occurs.
- IV. Policy is expected to provide clear guidance to every one dealing with IGGL:
 - a. forbidding them from involvement in any fraudulent activity and
 - b. the action to be taken by them-where any fraudulent activity is suspected.
- V. Guidance as to how to conduct investigations in fraudulent activities.
- VI. To provide assurances to one and all, that any and all suspected fraudulent activity(s) will not be allowed and will be fully investigated.

3. SCOPE OF POLICY:

3.1 The policy applies to fraud or suspected fraud in *connection with business transaction(s) with IGGL* committed by employee(s), ex-employee(s) working as advisor(s), person(s) engaged on adhoc / temporary/ contract basis, 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.

4. DEFINITION:

4.1 "Fraud" is a willful act committed by an Individual(s)/Entity(ies) - by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain(s) to self or any other individual(s) and wrongful loss to other(s). Many a times such acts are undertaken with a view to deceive/mislead others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts.

4.2 "Nodal Officer" shall not be below the level of DGM. The competent authority for appointing the Nodal Officer shall be CHRCM.

4.3 *Competent Authority concerned will notify the name and*

designation of link Nodal Officer who will discharge the duties and responsibilities of nodal officer during his/her leave.

5.ACTIONS CONSTISTUTING FRAUD:

5.1 While fraudulent or suspected fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud.

5.2 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 transaction(s) or any other financial instrument etc.
- III. Misappropriation 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 of facts/deception in matters of appointment, placements, submission of reports, tender committee recommendations 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 goods not supplied or services not rendered.
- 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.
- IX. Any other act that falls under the gamut of fraudulent activity.

6. NODAL OFFICER RESPONSIBILITIES IN RELATION TO

FRAUD PREVENTION AND IDENTIFICATION

6.1 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. Familiarize each employee with the types of improprieties that might occur in their area.
- II. Educate employees regarding the measures to be taken for prevention and detection of fraud.
- III. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
- IV. Promote awareness among the employees of ethical principles subscribed to by the Company through CDA Rules/Standing orders.
- V. *Maintain date wise receipts and forwarding of complaints to CHRCM.*

7. Fraud Prevention & Detection Mechanism

7.1 Fraud Prevention:

Prevention encompasses an ethical environment, periodic fraud risk assessment and preventive internal control such as authority limits, policies and procedures. A strong tone at the top supported with preventive controls along with effectively implemented process serve as strong and effective deterrents for fraud.

A. Culture of Honesty and ethics: -

The most effective method of preventive fraud is creation of an ethical and transparent environment that promotes all employees to actively participate in protecting **IGGL's** reputation, resources and promoting stakeholder confidence in IGGL. This involves:

- I. Disclosure of conflict of interest
- II. Enforcement of CDA Rules
- III. Compliance with code of conduct of IGGL.
- IV. Compliance with code of Internal Procedures and conduct in dealing with securities of the company
- V. Fraud awareness and training
- VI. Continuous Fraud risk monitoring and control

B. Fraud prevention Mechanism:

Following are fraud preventive mechanism in the company:

- I. Nodal Officer will prepare all fraud risk assessment of their Office and forward the same to *CHRCM on quarterly basis. CHRCM to prepare a consolidate fraud risk assessment report based on the fraud risk assessment report received from all the Nodal Officers and forward to CEO on quarterly basis.*
- II. Consolidated Fraud Risk Assessment Report will be reviewed by *CEO* on half yearly basis.
- III. Incorporation of Fraud prevention Policy in tender /GSA/GTA etc.
- IV. Promotion of fraud prevention and detection mechanism in the company E-banking payments/receipts, E- tendering & Reverse Auctions etc.

7.2 Fraud Detection:

Detective controls are designed to detect fraudulent activity in the company. A lack of, or weaknesses, preventive controls increases the risk of fraud and in such cases, there is greater burden on detective controls. Some examples of the detective controls are, segregation of duties, reconciliation, audits, independent reviews, physical inspection, periodic counts, surprise checks and periodical evaluations system control and surveillance system etc.

Detective controls are designed considering the fraud risk as such they may need to be flexible, adaptable and continuously changing to meet the various changes in fraud risk.

E-tendering, E-banking payments / receipts, Reverse auction are other essential elements of Fraud detection process in the company.

8. RESPONSIBILITY OF ALL STAKEHOLDERS TO BE REFRAINED FROM ANY FRAUDULENT ACT WHILE MAKING BUSINESS TRANSACTION(S) WITH IGGL

8.1 Every employee; ex-employee working as advisor; person engaged on adhoc /temporary/contract basis; vendor; supplier; contractor; bidder; customer; lender; consultant; service provider; any outside agency or their representative; employee of such agency and/or any other party in connection with business relationship with IGGL is expected and shall be responsible to ensure that there is no fraudulent act committed by them while performing any business transaction(s) with IGGL.

8.2 As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place, same should immediately be apprised to Nodal officer as per the procedure.

9. PROCEDURE OF REPORTING ON FRAUD RELATED MATTER TO MANAGEMENT

9.1 The "Nodal Officer" shall act as coordinator and refer the details of the fraud/suspected fraud to CHRCM immediately.

9.2 Nodal officer will take approval from CEO through CHRCM for further investigation and needful action.

9.3 Anonymous complaints received will not be entertained as a general rule. However, if the complaint is supported by any verifiable facts/ evidence, the same may be acted upon after taking approval of CEO.

9.4 Pseudonymous complaints received will not be entertained as a general rule. However, if the complaint is supported by any verifiable facts/ evidence, the same may be acted upon after taking approval of CEO.

9.5 Complaint shall be accepted through e-mail/telephone in

line with 9.3 and 9.4.

9.6 In emergency, such report should be sent immediately to the CHRCM who shall forward their instructions to the concerned Nodal Officer(s).

10. INCORPORATION OF FRAUD PREVENTION POLICY IN TENDER /GSA/GTA ETC.

10.1 Due amendments shall be made in the General Conditions of Contracts wherein all the Bidders/Service providers/Vendors/Consultants etc. shall be required to certify that they would adhere to the Fraud Prevention Policy of IGGL and shall not indulge themselves or allow others (working in IGGL) to indulge in fraudulent activities and that they would immediately apprise the organization of the fraud/suspected fraud as soon as it comes to their notice.

Concealment of facts regarding their involvement in fraudulent activities in connection with the business transaction(s) of IGGL is liable to be treated as crime and dealt with by the procedures of IGGL as applicable from time to time.

Similar clause regarding adherence to the Fraud Prevention Policy of IGGL will be added in Gas Sales Agreement, Gas Transmission Agreement and other service agreement etc. with customers/consignment stockists etc.

10.2 In respect of existing Purchase Orders/Work Orders/Service Contracts/ Gas Sales Agreements/Gas Transmission Agreements etc., the said exercise would be completed within Six months (06 months) time from the implementation of this policy.

11. NOTIFICATION OF NODAL OFFICERS

11.1 List of Nodal officers would be displayed in the IGGL's web site/intranet.

11.2 Name and contact details of concerned nodal officer would also be referred in the Tender documents /GSA / GTA / Other agreements etc. which will redirect the stake holders to

refer IGGL website for the requisite information and also to see the detailed Fraud Prevention Policy.

12. REPORTING AND RECORDING PROCESS TO BE FOLLOWED TO RECORD ALLEGATION OF FRAUD:

12.1 Reporting of the fraud should be in writing.

12.2 In case the complainant is either not willing to or not able to furnish a written statement of fraud but is in a position to give sequential and specific transaction(s) of fraud/suspected fraud, then the Nodal Officer should record such details in writing as narrated by the complainant and also maintain the confidentiality about the identity of the complainant.

12.3 Nodal officer shall forward the complaint concealing the identity of the complainant. Name of the complainant can be revealed on the requirement of CHRCM.

12.4 All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s).

12.5 Nodal officer receiving input about any suspected fraud shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

12.6 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.

13. REQUIREMENT OF TRAINING TO BE CONDUCTED ON FRAUD PREVENTION AND IDENTIFICATION

13.1 Training on fraud prevention and identification shall be included in the training calendar every year and will be imparted

to employees and Nodal Officers-

13.2 Special training to Nodal Officers for implementation of Fraud Prevention Policy in the company would be imparted-

14. ADMINISTRATION AND REVIEW OF THE POLICY

14.1 The CEO shall be the Appropriate Authority for revision of this policy as and when needed.

Nominated Nodal Officers & Link Nodal Officers under “Fraud prevention policy” of IGGL

| Name of office | Nodal officer /email ID | Designation | Link Nodal Officer/ email ID | Designation | Adress of office | Office Covered |
|-----------------------------------|--|-------------|--|-------------|--|----------------------------|
| Registered Office, Guwahati | Monoj Kumar Das/ monoj.k.das@iggl.co.in | DGM(HR) | Bhabesh Kalita/ bhabesh.kalita@iggl.co.in | CM (IT) | Indaradhanush Gas Grid Limited, 7th Floor, NRL Centre, GS Road, Christian Basti, Assam (GHY-5 | All departments of IGGL |