

FRAUD PREVENTION POLICY

1. Introduction

Balmer Lawrie, over time, has instituted various policies, systems and procedures to ensure that all official dealing and transactions are undertaken and conducted in an honest, ethical and transparent manner without any favour, bias or mala fide. In this endeavour, not only has the company introduced a number of operational and financial policy manuals but has also put in place mechanisms such as complaint/grievance handling procedure, whistle blower policy etc to facilitate effective adherence to the laid down system & procedures of the company conforming to its values and the norms of corporate governance. Towards furthering this effort, it is considered appropriate to develop and implement a FRAUD PREVENTION POLICY in the Company.

2. Objective

The objective of the "Fraud Prevention policy" is to provide a system for detection, reporting and prevention of fraud, whether committed or suspected. The policy strives to:

- i. Promote a culture of zero tolerance to fraud or fraudulent conduct
- ii. Communicate to employees and other stakeholders the company's approach to dealing with fraud and fraudulent action
- iii. Provide a framework and lay down a procedure for detection, reporting and prevention of fraud or suspected fraud

3. Scope

The policy applies to all frauds committed or suspected, linked to the business of the Company, involving any employee, including the whole-time Directors (employed in any capacity including those deputed by other agencies to carry out any work for and on behalf of the company) and other stakeholders such as vendors, suppliers, contractors, service providers, consultants or any other external agency/person having business relationship and/or associated with the company in any manner, as well as their representatives.

4. Definition

'Fraud' is any intentional or wilful act committed by any individual(s) on his own or in collusion with others to deceive, suppress, cheat or defraud the company or any of its employees and/or other stakeholders thereby causing unlawful gain to him/her self or wrongful loss to others, whether in cash or kind.

5. Actions constituting Fraud

'Fraud' constitutes any dishonest or fraudulent act either committed or contemplated with an intention to defraud the company or any of its stakeholders, and includes more particularly the following acts of omission or commission:

- i. Manipulation or falsification of any financial statements, records and documents.
- ii. Forgery, alteration or tampering of any financial instruments such as cheques, drafts etc
- iii. Tampering or destruction of any document or noting, including removal/ replacement of same from any file or record
- iv. Misappropriation of funds, securities, supplies and assets, including inventories
- v. Impropriety in the handling or reporting of money and other financial transactions and recording transactions without substance
- vi. Utilisation of company's funds for personal use and unauthorised personal use of company's assets
- vii. Wilful suppression of facts/deception in matters of appointments, TCRs and any other MIS as a result of which undue gain is made to one or wrongful loss is occasioned to other
- viii. Profiteering arising from insider knowledge of company's activities and plans
- ix. Disclosing confidential and propriety information to outside parties without authority
- x. Bribery or corruption, including inappropriate relationship with third parties causing conflict of interest and accepting or seeking anything of material value from contractors, vendors or any other person supplying material or providing services to the company
- xi. Authorising or receiving payment and/or any other consideration for goods not supplied or services not rendered
- xii. Any other act that may fall under the general definition of fraud or fraudulent conduct

Notes

1. The list above is merely illustrative and not exhaustive in any manner
2. Some of the acts listed above are in supplement to same/similar acts construed as misconducts under the various disciplinary codes (Standing Orders, CDRR etc) and therefore, where in doubt, or if there is any question as to whether an action constitutes fraud, clarification may be sought from Chief Vigilance Officer.

6. Reporting of Fraud

- a. All employees directly and any agency(ies) / person doing business with Balmer Lawrie including vendors, suppliers, contractors, service providers, consultants etc, directly or through their representatives, must report incident(s) of fraud or fraudulent activity/conduct or suspected fraud to

the company. Such reporting shall be made to the designated Nodal Officer(s) nominated by the company for this purpose from time to time in respect of each business/ location of the company. In emergencies, the person reporting the fraud may also report the matter to his/her Departmental Head (for employees) or to any other Officer (for outsiders) with whom the person may have business relations. Such Departmental Head/Officer shall then immediately inform the concerned Nodal Officer.

- b. Reporting of fraud should normally be in writing. In case the person reporting the matter is not willing to furnish a written statement of fraud/suspected fraud but is in a position to provide specific information on the transaction(s) involved, then the Nodal Officer/Officer receiving the information will record such details in writing as narrated by the person reporting including his identity, nature of relationship with the company etc. Officer receiving the information shall also ensure that all relevant record/documents or any other evidence connected with the fraud/suspected fraud are immediately taken into custody and are not destroyed/removed/tampered with by the perpetrators or their accomplices.
- c. All reports shall be considered as confidential and shall not be discussed with any unauthorised person. The identity of the person reporting shall be kept strictly confidential. The person reporting the incident will be considered as a 'whistleblower' and all protection shall be available to him/her as provided under the Whistleblower Policy of the company.
- d. All reports of fraud or suspected fraud shall be handled with utmost speed and care and shall be coordinated by the Nodal Officer(s) nominated for this purpose.

7. Investigation

- i. The Nodal Officer shall carry out preliminary investigations into the act of fraud/suspected fraud keeping the Director-in-Charge informed. If after the preliminary investigation, the Nodal Officer is reasonably satisfied about the actual/expected occurrence of fraud, he shall with the approval of his Director-in-Charge refer the details of the fraud/suspected fraud to the Chief Vigilance Officer for further appropriate investigation and necessary action.
- ii. The Vigilance Department shall keep the Nodal Officer apprised of action being taken in the matter from time to time and they shall be in constant interaction/coordination.
- iii. After the completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action shall be taken depending upon the gravity of the fraud committed. If, however, the Vigilance Department comes to a conclusion that no fraud has been committed, the matter would be closed.

8. Fraud Prevention

- a. It is the responsibility of every employee, vendor, supplier, contractor, service provider, consultant or any other agency(ies) doing business / having business relationship with the Company to ensure that there is no fraudulent action being indulged in, in their own area of activity/responsibility. As soon as they learn of any fraud or have suspicion regarding it, they should immediately report the matter as per the procedure laid down in clause 6 above.
- b. All vendors, suppliers, contractors, service providers, consultants and other agencies having business relations with the company are required to affirm to the Fraud Prevention Policy of the company. As such this policy document shall form a part of the tender/RFP document and shall have to be concurred to by all bidders. Non-confirmation of this policy by the concerned Agency/Person will lead to rejection of their bid/proposal.
- c. All Departmental Heads shall be responsible for prevention & detection of fraud and for the proper implementation of the Fraud Prevention Policy of the company.
- d. The company recognises that employee/stakeholders awareness is essential for effective detection/prevention of fraud/suspected fraud. As such the company shall put in place adequate communication mechanisms for dissemination of information about the policy and its importance to the corruption free governance of the company.

9. General

The policy may be amended, altered, changed and modified from time to time with the approval of the MD provided the basic structure of the policy is not violated.