



MOIL LIMITED

Fraud Prevention Policy – 2017 **(As approved by Board on 04.08.2023)**

I. Introduction:

MOIL Limited (MOIL) is a Schedule-A Central Public Sector Enterprise (CPSE) under administrative control of Ministry of Steel, Government of India. It is the largest mining company in India and produces about 50% of total production of manganese ore in the country. It is committed to customer care, value creation for all stakeholders and duly aware of environmental responsibility entrusted to it, while carrying out various activities related to mining.

All organizations are subject to risks of fraud. Frauds negatively impact the reputation and brand value of organization. Vigilant handling of fraud cases within organisation sends clear signals to the public, stakeholders and regulators about the management attitude towards fraud risks and organization's fraud risk tolerance. All concerned persons have responsibility for dealing with fraud risk.

Section 143(12) of the Companies Act, 2013, requires Statutory Auditors to report about fraud against the company by its officers or employees, to Comptroller and Auditor General of India (C&AG). Department of Public Enterprises (DPE) guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) also emphasis on need of policies related to fraud prevention.

MOIL has put in place various policies, systems and procedures to guide employees for undertaking various transaction(s) within and outside organisation to conduct the same in a transparent & uniform manner e.g. Delegation of Powers (DOP), HR Policies, Code of Conduct for Directors and Senior Management Personnel, Conduct, Discipline and Appeal Rules for employees, Standing Orders, Service Rules and Integrity Pact with Transparency International India, etc.

Keeping in view the approach of MOIL in following Corporate Governance principles proactively, it is appropriate that a Fraud Prevention Policy is formulated and implemented.

II. Effective Date

This policy shall be known as MOIL Fraud Prevention Policy-2017 (the "Policy") and shall become effective from the date of its approval by the Board.

III. Policy objectives:

The "Fraud Prevention Policy" (here-in-after referred to as "the policy" or "this policy") has been to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. The policy is expected to ensure and provide for the following:-

- (i) The 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) Providing a clear guidance to employees and others dealing with MOIL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- (iii) Conducting investigations into fraudulent activities.
- (iv) Providing assurances that any and all suspected fraudulent activity will be fully investigated.
- (v) providing training on fraud prevention and identification.

IV. Scope of policy:

The policy applies to any fraud, or suspected fraud involving employees of MOIL (all full time, part time or employees/other engaged on *ad hoc*/temporary/contract basis) as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency doing any type of business with MOIL.

V. Definition:

- (i) **"Fraud"** is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or perpetrator achieving a gain.

As per Section 447(1) 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 legally entitled.

- (ii) **"Actions constituting fraud"** While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud.

- (a) Forgery or alteration of any document or account belonging to the Company
- (b) Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- (c) Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- (d) Falsifying records such as pay-rolls, removing the documents from files and /or replacing it by fraudulent note etc.
- (e) 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 made to one and wrongful loss(s) is caused to the others.
- (f) Utilizing Company funds for personal purposes.
- (g) Authorizing or receiving payments for goods not supplied or services not rendered.
- (h) 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.
- (i) Any other act that falls in the gamut of fraudulent activity.

- (iii) **"Nodal Officer"** shall be Mine Manager at Mines. In Corporate Office, each Functional Director will nominate a Nodal Officer not below the rank of DGM/Chief who will act as overall coordinator of the respective Directorate.

VI. Responsibility for Fraud Prevention

It is the responsibility of all the persons who are covered under this policy to ensure that there is no fraudulent act committed by them while performing any business transaction(s) with MOIL. As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place, same should immediately be reported to Nodal officer

VII. Reporting of fraud:

- (i) Reporting of the fraud shall be made to the designated Nodal Officer. If, however, there is shortage of time, such report should be made to the immediate controlling officer whose duty shall be to ensure that input received is immediately communicated to the Nodal Officer.
- (ii) 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.
- (iii) 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 not be discussed with any unauthorized person, so as to conform to whistle blower policy.
- (iv) All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.
- (v) Officer receiving input about any suspected fraud/nodal officer(s) shall ensure that all relevant records, documents and other evidence are 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.
- (vi) Anonymous / Pseudonymous Complaints will not be entertained for further action at any stage.

VIII. Investigation procedure:

- (i) "Nodal Officer" shall refer to the details of the Fraud/suspected fraud to the concerned Director who may refer the case to Internal Audit Department or Vigilance Department, for further investigation.
- (ii) 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.
- (iii) Vigilance Department or Internal Audit Department shall apprise the concerned Director of the results of the investigation undertaken by them.
- (iv) 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.

IX. Responsibility of Nodal Officer for fraud prevention:

Nodal Officers shall share the responsibility of prevention and detection of fraud and for implementing the Policy of the Company. They shall be responsible to ensure that there are mechanisms in place within their area of control to:-

- (i) Create an ethical and transparent environment by training and implementing policies, guidelines and procedures.
- (ii) Familiarize each employee with the types of improprieties that might occur in their area.
- (iii) Educate employees about fraud prevention and detection.
- (iv) Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
- (v) Promote employee awareness of ethical principles subscribed to by the Company through Conduct, Disciplinary and Appeal (CDA) Rules.
- (vi) Maintain record of complaints/cases received.

- (vii) Ensure that along with preventive controls, detective mechanism (like segregation of duties, reconciliation, audits, independent reviews, physical inspection, periodic inventory check, surprise checks etc.) is also in place.
- (viii) Computer / IT Artificial Intelligence (AI) and Technological related frauds could be of diverse types and the means adopted could keep on changing from time to time. These need to be addressed very strongly by adopting measures like password controls, frequent change of passwords, installing effective internet tools like firewall and antivirus, exercising caution in downloading softwares and resorting to other such measures as needed from time to time.

X. Incorporation of Fraud Prevention Policy in Tenders /MOUs etc.

A clause may be added in all the NITs *that "The Bidder along with its associate/collaborators/sub-contractors/sub-vendors/ consultants/ service providers shall strictly adhere to MOIL's Fraud Prevention Policy displayed on MOIL's website and shall immediately bring to the notice of MOIL Management about any fraud or suspected fraud as soon as it comes to their notice."*

XI. Information to Audit Committee:

Vigilance Department / Internal Audit department will forward quarterly report on status of fraud (s) to the Chairman-cum-Managing Director (CMD). Internal Audit department will furnish the report to Audit Committee for information.

XII. Administration and review of the policy:

The CMD shall be responsible for administration and application of the policy. Any amendment/modification to this policy shall require approval of the Board of Directors of MOIL.
