



GAIL MANGALORE PETROCHEMICALS LIMITED

(A Wholly Owned Subsidiary of GAIL) (Erstwhile JBF Petrochemicals Ltd)

FRAUD PREVENTION POLICY

Revision - 00

ApprIntroduction

1. GAIL(India) Limited, a Public Sector Enterprise, has acquired the erstwhile JBF Petrochemicals Ltd (JBFPL). in June 2023, and made it as its wholly owned subsidiary. The company has a Purified Terephthalic Acid (PTA) manufacturing plant at the Special Economic Zone of Mangalore, Dakshina Kannada Dist. Karnataka. Upon acquisition the name of the company was changed to GAIL Mangalore Petrochemicals Limited (GMPL).
2. Department of Public Enterprises (DPE) issued revised guidelines on Corporate Governance for Central Public Sector Enterprises on 15.05.2010. These guidelines being mandatory in nature, inter alia, stipulate that BOARD should implement policies and procedures to include:
 - A. Staff responsibilities in relation to fraud prevention and identification;
 - B. Responsibility of fraud investigation once a fraud has been identified;
 - C. Process of reporting on fraud-related matters to management;
 - D. Reporting and recording process to be followed to record allegations of fraud; and
 - E. Requirement of training to be conducted on fraud prevention and identification.
3. Further, statutory auditors of the company are required to comment on the fraud prevention policy of the company in their report to the Comptroller and Auditor General of India (C&AG) on the annual accounts of the company given in compliance of the provision of section 619(3) of the Companies Act, 1956.
4. In light of the foregoing and keeping in view the approach of GAIL Mangalore Petrochemicals Ltd. in following Corporate Governance principles proactively, it is opined appropriate that a Fraud Prevention Policy be formulated and implement.

Policy Objectives:

1. The 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. The Policy guidelines are enumerated below stipulate as under:
 - A. 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.
 - B. To provide a clear guidance to employees and others dealing with GMPL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
 - C. To conduct investigations into fraudulent activities.
 - D. To provide assurances that any and all suspected fraudulent activity will be fully investigated.
 - E. To provide training on fraud prevention and identification.



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Revision - 00

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.
4. The Policy is expected to ensure and provide for the following:
 - A. The “Fraud Prevention” is the responsibility of all – a “culture” is to be created.
 - B. That the management is fully aware of its responsibilities for detection and prevention of fraud and also for establishing procedures for preventing fraud and/or Detecting fraud when it occurs.
5. The Policy is expected to provide clear guidance to everyone dealing with GMPL:
 - A. Forbidding them for involvement in any fraudulent activity and
 - B. The action to be taken by them – where any fraudulent activity is suspected.
 - C. Guidance as to how to conduct investigations in fraudulent activities.
 - D. To provide assurances to one and all, that any and all suspected fraudulent activity (s) will not be allowed and will be fully investigated.

Scope of Policy

The policy applies to any fraud, or suspected fraud involving employees of GMPL, working as advisor (s), person (s) engaged on ad-hoc/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.

Policy Definition

"Fraud" is a willful act intentionally committed by an individual(s) 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/or 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 bona-fide act or take bona-fide decision which is not based on material facts.

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 (The list given below is only illustrative and not exhaustive):

- 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 other assets by fraudulent means etc.
- D. Falsifying records such as pay-rolls, removing the documents from files and/or replacing it by a 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 wrongful gain(s) is made to one and wrongful loss(s) is caused to others.
- F. Utilizing Company funds for personal purposes.



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FRAUD PREVENTION POLICY

Revision - 00

- 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 under the gamut of fraudulent activity.

Reporting of Fraud

1. Any employee (full time, part-time or employees appointed on ad-hoc/temporary/contract basis), employees on secondment basis from other companies, representative of vendors, suppliers, contractors, consultants, service providers or any other agency (-ies) doing any type of business with GMPL, 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) nominated at GMPL. If, however, there is shortage of time, such a report shall be made to the concerned HOD (Head of Department), whose duty shall be to ensure that input received is immediately communicated to the Nodal Officer. 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. 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.
2. Anonymous and 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 of GMPL.
3. All reports shall be considered as confidential and shall not be discussed with any unauthorized person. The identity of the person reporting shall be kept strictly confidential. The person reporting the incident will be considered as a 'Whistle Blower' and all protection shall be available to him/her as provided under the Vigil Mechanism / Whistle Blower policy of the company.
4. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by the nominated Nodal Officer(s).
5. Nodal officer/Officer receiving input about any suspected fraud shall ensure that all relevant records documents and other evidences 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/her influence.



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FRAUD PREVENTION POLICY

Revision - 00

Investigation Procedure

1. The Nodal Officer shall refer the details of the Fraud/suspected fraud to the Committee at GMPL. Plant for further appropriate investigation and needful action.
2. This input would be in addition to the intelligence and investigation of cases of fraud being done by the Committee at GMPL on its own as part of its day-to-day functioning.
3. After completion of the investigation, due & appropriate action, this 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.
4. Committee at GMPL shall intimate Nodal Officers of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two.

Notification of Nodal officers

1. List of Nodal Officers attached at GMPL site must be displayed.
2. Name and contact details of the concerned nodal officer would also be referred in the tender documents/GSA/GTA/Other Agreements etc. which will redirect the stakeholders to refer GMPL website for the requisite information and also to see the detailed Fraud Prevention Policy.

Responsibility for Fraud Prevention

1. Every employee (full time, part-time, ad-hoc, temporary or contract basis), employees on secondment basis from other companies, representatives of vendors, suppliers, contractors, consultants, service providers or any other agency(-ies) doing any type of business with GMPL, 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 or is likely to take place, they should immediately apprise the same to the concerned as per the procedure.
2. All departmental heads shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Policy of GMPL. It shall be the responsibility of all departmental heads to ensure that there are mechanisms in place within their area of control to:
 - a. Familiarize each employee with the types of improprieties that might occur in their area.
 - b. Educate employees about fraud prevention and detection.
 - c. Create a culture whereby employees are encouraged to report any fraud or suspected fraud that comes to their knowledge, without any fear of victimization.
 - d. Promote employee awareness of ethical principles subscribed to by the Company through CDA Rules.
3. It must be ensured that necessary clauses are incorporated in the 'General Conditions of Contract (GCC)' of the tenders floated by the company wherein all bidders/service providers /vendors/consultants etc. shall be required to certify that they would adhere



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Revision - 00

to the 'Fraud Prevention Policy of GMPL' 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.

Administration and Review of the Policy

1. The CEO shall be responsible for the administration, interpretation, application, and revision of this policy.
2. This policy can be modified or amended in whole or in part at any time by the CEO under intimation to the Board of Directors.

Information to Board of Directors and Audit Committee

1. A Quarterly report on status of complaints along with action thereof shall be submitted to Audit Committee and Board of Directors for their review, only if any complaint is received under this policy.

Guidelines for implementation of the Fraud Prevention Policy (for internal purpose only)

1. Committee Members.
The head of HR shall act as the convener and Heads of C&P, F&A shall be the members of the committee. The CEO shall constitute the committee.
2. Nodal Officers – Nomination, Rank, Etc.
 - a. Nodal Officers shall be nominated by the CEO. Details of nomination shall be intimated immediately to Committee Members.
 - b. Nodal Officers nominated shall not be below the rank of Senior Manager.
 - c. Changes in incumbency in the post of Nodal Officers due to transfer, promotion and change in posting or separation from GMPL shall be intimated immediately to the Committee Members.
3. Maintenance and Custody of Records
 - a. Details of all reports of fraud/suspected fraud shall be maintained by the Nodal Officers in Registers maintained for this purpose.
 - b. The Register shall have numbered pages and shall contain brief details of the case, action taken by the Nodal Officer, and ultimate disposal of the reference.
 - c. All outgoing correspondence shall be given serial reference numbers and details shall be entered in a separate Dak dispatch register. All correspondence (both incoming and outgoing) and reports shall also be maintained in separate files in chronological order and the pages in the files shall also be numbered.
 - d. All records and documents pertaining to reported cases of fraud/suspected fraud shall be kept under lock and key at all times and shall be handled with utmost discretion.
 - e. All records and documents shall be handed over by the outgoing Nodal Officer and taken into custody and acknowledged in writing by the incoming Nodal Officer, whenever there is a change in the post of Nodal Officer. A copy of the acknowledged handing over note shall be forwarded by the outgoing Nodal Officer to the CEO with copy to Committee Members.