

FRAUD RISK FRAMEWORK POLICY

Background

The purpose of the fraud risk framework policy is to detect, prevent and identify frauds and to develop an organizational response to its risks. It is the intent of OPIL to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Fraud may be defined as “the use of deception to unjustly obtain a benefit”. The benefit obtained does not have to be money. It could be goods, services, favours or information. Corruption, which involves the abuse of power for personal gain, is also part of fraud under this definition.

This corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud.

Scope of Policy

This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, customers, dealers, other outside agencies and employees of these organisations and/or any other parties with a business relationship with OPIL (also called the Company).

Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to the Company.

POLICY

Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to Head of the unit with a copy to the managing Director’s office. Such reports will be investigated by the person/s designated by the Head of the unit / MD’s office.

Actions Constituting Fraud

- Theft or deliberate misuse of the organisation’s assets,
- False accounting or making false statements to obtain a benefit (for example, an employee falsely claiming an allowance, or a supplier presenting false invoices for payment or an employee colluding with a supplier / buyer to extend any undue favours resulting in loss to the organisation),
- Offering or taking gifts or other benefits in order to influence decisions or gain a personal advantage,
- Unauthorised use of an organisation’s name or authority to gain a personal benefit,
- The destruction, removal or inappropriate use of an organisation’s records,
- Unauthorised disclosure of information gained through employment with the organisation, and
- Any other dishonest or fraudulent act

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the company

- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company. Exception: Gifts less than Rs. 5000 in value.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity

Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and the Employee Relations Unit of Human Resources rather than the Fraud Management process.

If there is any question as to whether an action constitutes fraud, the matter should be reported to the head of the unit for guidance.

Investigation Responsibilities

The person/ s assigned to investigate the suspected fraud will have the primary responsibility for investigation as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, investigation authority will issue reports to the Head of the Unit with a copy to the Managing Director's office and, if appropriate, to the Board of Directors through the managing director's office or the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

Confidentiality

The management will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify to the designated authority immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see **REPORTING PROCEDURE** section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct.

Authorization for Investigating Suspected Fraud

Members of the Investigation Unit will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will *contact the designated authority* immediately. The employee or other complainant may remain anonymous. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *any-one* unless specifically asked to do so by the the designated authority.

Termination

If an investigation results in a recommendation to terminate an employee or take action against the offending contractor/ supplier or buyer, the recommendation will be reviewed for approval by the designated authority in consultation with concerned senior executives before any such action is taken. Should the accused believe the management decision to be inappropriate, the facts will be presented to executive level management for a decision, which will be final and binding.

Administration

MD of OPIL will be responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed from time to time and revised as needed.

Date : 30th October 2015

Place: New Delhi