GUIDELINE ON PREVENTION OF FRAUD

GUJARAT FLUOROCHEMICALS
VALUE THROUGH GREEN CHEMISTRY
An INOX GFL Group Company

GUIDELINE NO HR/67

This document sets forth an anti-fraud guideline and framework to enforce controls and to aid in prevention and detection of fraud in the company.

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01. BACKGROUND

Our Company, that is Gujarat Fluorochemicals Limited and its subsidiaries together referred to herein after as the Company is committed to protecting Company reputation, revenues, assets and information from any attempts of fraud, deceit or other improper conduct by employees as well as third parties.

This document sets forth an anti-fraud guideline and framework to enforce controls and to aid in prevention and detection of fraud in the company. The intent of this document is to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behavior.

02. INTRODUCTION

The Company has a "Zero Tolerance" approach to all forms of fraudulent acts. The Company strives to maintain the highest standards of governance, personal and corporate ethics and compliance with all laws and regulations. It values integrity and honesty while dealing with all employees, customers, suppliers and other stakeholders. It is committed to support government, law enforcement and international bodies to combat any financial crime.

03. SCOPE OF GUIDELINE

The Guideline applies to any fraud, or suspected fraud involving employees of the Company (all full time, part time or employees appointed on adhoc / temporary / contract basis) as well as vendors, suppliers, contractors, consultants, service providers or any outside agency and their

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representatives conducting any type of business with the Company. The investigative activity will be undertaken without regard to the suspected wrongdoer's length of service, position/ title, or relationship with the Company.

4. GUIDELINE OBJECTIVES

In order to adequately protect the organization from the financial and reputational risks posed by any frauds, framework has been put in place to identify, measure, manage, monitor and report occurrence of frauds in the company. The Guideline
will ensure and provide for the following :-

1. To ensure that Management is aware of its responsibilities for prevention and detection of fraud and for establishing procedures for preventing fraud and / or detecting fraud when it occurs.
2. To provide a clear guidance to employees and others dealing with Company forbidding them from involvement in any fraudulent activity and the action to be taken by them where they come across or suspect any fraudulent activity;
3. To conduct investigations into fraudulent or suspected activities
4. To provide assurances that all suspected fraudulent activity / activities will be fully and objectively investigated.
5. To provide training on fraud prevention and identification.

5. DEFINITION OF FRAUD

"Fraud" is a willful act intentionally committed by an individual/Entity by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain to self or any other individual and wrongful loss to others. Such acts include those undertaken with a view to deceiving or misleading others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision that is not based on material facts.

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06. ACTIONS CONSTITUTING FRAUD

The terms fraud or suspected fraud refers to, but not limited to -

1. Forgery or unauthorized alteration of any document or account belonging to the Company;
2. Forgery or unauthorized alteration of cheque, bank draft, E-banking transactions or any other financial instrument etc.
3. Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.;
4. Falsifying records such as pay rolls, removing the documents from files and /or replacing it by a fraudulent one etc.;
5. Willful suppression of facts / deception in matters of appointment, placements, submission of reports, tender committee recommendations, departmental promotion committee etc. as a result of which a wrongful gain is made to one or wrongful loss is caused to the others;
6. Utilizing Company funds for personal or other than official purposes;

   Authorizing or receiving payments for goods not supplied or services not rendered;
7. 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;
8. Deliberately misrepresenting, concealing, suppressing or not disclosing one or more material facts relevant to the financial decision, transaction or perception of the decision maker;

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9. Deliberately misrepresenting, concealing, suppressing or not disclosing one or more material facts relevant to the financial decision, transaction or perception of the decision maker;
10. Abusing authority, position of trust or fiduciary relationship;
11. Fraudulent alteration, addition or removal of information on the Company's Management information systems;
12. Impropriety in handling or reporting of money or financial transactions;
13. Disclosing confidential and proprietary information to outside parties;
14. Inflating expenses claims / over-billing;
15. Paying false (or inflated) invoices, either self-prepared or obtained through collusion with suppliers;
16. Permitting favors or privileges to customers, or granting business to favored suppliers, vendors or service providers for kickbacks / favors;
17. Forging signatures; Medical claims fraud; Fraudulent job Claims & settlement;
18. Any other act or attempts that falls under the gamut of fraudulent activity;

07. FRAUD PREVENTION FRAMEWORK

7.1 In case a fraud has been reported or suspected to have been committed, the Company's Ethics Committee of the respective business comprising of the following incumbents, shall immediately investigate and implement appropriate action

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1. Chief Executive Officer of the Business
2. Chief Finance Officer of the Business
3. Unit Head or Site Head/Functional Head as the case may be
4. Group Chief Finance Officer
5. Head — Group Corporate Human Resources
6. Company Secretary

7.2 The Company Secretary shall be the "Company Ethics Officer" and any three member of the above List and along with the Company Secretary shall form a quorum of the Ethics Committee. The Company's policy is that no adverse employment action will be taken against any personnel in retaliation for, honestly and in good faith, reporting a violation or suspected violation of anti-corruption laws or this Policy.

7.3 Any employee (full time, part time or employees appointed on adhoc / temporary / contract basis), vendors, suppliers, contractors, consultants, service providers or any other agency or their representative doing any type of business with the Company as soon as he comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident to any member of the Ethics Committee.

7.4 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 Member of the Ethics Committee receiving the information shall 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.

7.5 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.

7.6 Member of the Ethics Committee receiving input about any suspected fraud / nodal officer(s) 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.

7.7 The Ethics Committee, conduct preliminary verification of any suspected activity and conduct a appropriate investigation. Such investigation can be vested to any other person or committee as the Ethics Committee deems fit.

7.8 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.

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08. TRAINING AND AWARENESS

All employees shall be trained on the Guideline. All new existing and new employees shall have to sign an undertaking as given in Annexure – I. Signing of the undertaking shall be a part of the joining process of all new employees with immediate effect.

1. Failure to comply with this Guideline would attract the disciplinary action in the following may:
2. An employee who will found to be engaged in any form of fraud will be subjected to disciplinary action which may extend up to dismissal from service.

09. RESPONSIBILITY FOR FRAUD PREVENTION

9.1 Employees

Every employee (full time, part time, adhoc, temporary, contract), representative of vendors, suppliers, contractors, consultants, service providers or any other agency doing any type of business with the Company 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 member of the Ethics Committee.

9.2 Supervisor

All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Guideline of the Company. It is the responsibility of all Supervisory and Managerial staff to ensure that -

1. All employees under their control and aware types of improprieties that might occur in their area
2. Educate employees about fraud prevention and detection
3. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization

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4. Promote employee awareness of ethical principles

9.3 Contracts and Service Providers

All Contractors, Service providers, Vendors, Consultants etc., shall be required to certify that they would adhere to the Fraud Prevention Guideline of the Company and shall not indulge or allow anybody else working in their organization or representing them to indulge in fraudulent activities and would immediately apprise the Company 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.

10. RECOVERY OF FRAUD LOSS

Upon detection of a fraud, the Company shall make every effort possible to recover the loss amount involved. Loss mitigation action will include recovery from concerned employee/ customer / outsider and initiating legal action like filing of recovery suits, wherever feasible.

11. POWER TO AMEND

1. Any change of the guideline shall be approved by the Head – Group Corporate HR.
2. The management shall have the overriding right to withdraw and/or amend the guideline at its own discretion as it deems fit from time to time. The decision of the management shall be final and binding.

Annexure:
Annexure 1 – Undertaking

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Annexure I - UNDERTAKING

To

The Compliance Officer

DECLARATION: ANTI-BRIBERY AND CORRUPTION, ANTI – FRAUD, MONEY LAUNDERING, TAX EVASION, CONFLICT OF INTEREST AND CODE OF CONDUCT DECLARATION

I, Mr/Ms.....Emp. Code confirm that I have gonethrough the FOLLOWING guidelines of the Company on and having understood the same I declare that throughout the course of my employment, I will comply with all the provisions of the below mentioned Guidelines -

HR/69 - Guideline on Prevention of Corruption and Bribery
HR/70 - Guideline on Code of Conduct
HR/71 - Guideline on Prevention of Fraud
HR/72 - Guideline on Conflict of Interest

I also affirm that I will not engage in any activity, practice or conduct which are in contravention of the clauses of the Guidelines, including but not limited to the Prevention of Corruption Act 1988, Prevention of Money Laundering Act 2002 and Income Tax Act, 1961 or any equivalent local law that I am subject to.

I will also take a zero-tolerance approach to bribery, corruption, fraud, tax evasion,conflict of interest and money laundering and observe the highest ethical standards in my activities.

Where applicable to my role, adopt and comply with measures to prevent and detect the commission of bribery, corruption, fraud, money laundering and conflict of interest offences, including measures to prevent the facilitation of tax evasion.

I will not only ensure my activities to comply with the related guidelines, but also ensure all my associates, vendors, service providers also comply with the same. In case any violation or intended violation by any party, I will report immediately the same to you.

I understand that if I violate any of the clauses of the said guidelines, the Company will take appropriate disciplinary action me as deemed fit.

Name of Employee_____ **Signature of Employee_____** **Employee Code_____** **Company Name_____**

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