



EESL FRAUD PREVENTION POLICY

BACKGROUND:

The Fraud Prevention Policy has been designed to ensure that officials dealing and undertaking transactions for EESL conduct themselves in a transparent and consistent manner. These requirements inter alia include “Whistle Blower Policy”.

The policy puts in place a mechanism for employees to report to the Management about unethical behavior, actual or suspected fraud or violation of conduct or ethics in course of work.

The 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) and in the annual accounts of the company given in compliance of the provisions of Section 619(3) of the Companies Act, 1956.

POLICY OBJECTIVES :

The “Fraud Prevention Policy” has been framed 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 will ensure and provide for the following :-

- i. 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.
- ii. To provide a clear guidance to employees and others dealing with EESL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- iii. To conduct investigations into fraudulent activities.
- iv. To provide assurances that any and all suspected fraudulent activity will be fully investigated.



SCOPE OF POLICY :

The policy applies to any fraud, or suspected fraud involving employees of EESL, manpower deployed on adhoc/temporary/contract/fixed tenure, representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of business with EESL .

DEFINITION OF FRAUD :

"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 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 bonafide act or take bonafide decision which is not based on material facts."

ACTIONS CONSTITUTING FRAUD :

While fraudulent activity could have a very wide range of coverage, the following actions/activities constitute fraud which is illustrative and not exhaustive.

- i. Forgery or alteration of any document or account belonging to the Company
- ii. Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- iii. Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- iv. Falsifying records such as pay-rolls, removing the documents from files and /or replacing it by a fraudulent note etc.
- v. 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.
- vi. Utilizing Company funds for personal purposes.
- vii. Authorizing or receiving payments for goods not supplied or services not rendered.
- viii. Destruction, disposition, removal of records or any other asset 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.

- ix. Any other act that falls under the gamut of fraudulent activity.

REPORTING OF FRAUD :

- i. Any employee of EESL, manpower deployed on adhoc/temporary/contract/fixed tenure, representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of business with EESL 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 by EESL. 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. 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 unauthorised person.
- ii. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s).
- iii. 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.



INVESTIGATION PROCEDURE :

- i. The "Nodal Officer" shall, refer the details of the Fraud/suspected fraud to the MD of EESL, for further appropriate investigation and needful action. MD will, in consultation with Senior Officers of EESL, institute an investigation on the reference by the Nodal Officer.
- ii. This input would be in addition to the intelligence information and investigation of cases of fraud being investigated by the Assigned Deptt on their own as part of their day to day functioning.
- iii. After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action, etc shall be undertaken.
- iv. Assigned Department shall apprise "Nodal Officer" of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two.

RESPONSIBILITY FOR FRAUD PREVENTION :

- i. Every employee of EESL, manpower deployed on adhoc/temporary/contract/fixed tenure, representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of business with EESL, 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.
- ii. All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Policy of the Company. It is the responsibility of all controlling officers to ensure that there are mechanisms in place within their area of control to:-
 - a. Familiarise 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 which comes to their knowledge, without any fear of victimization.

- d. Promote employee awareness of ethical principles subscribed to by the Company through CDA Rules;
- iii. Due amendments shall be made in the general conditions of contracts of the organization wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the Fraud Prevention Policy of EESL and not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately apprise their 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:

The MD shall be responsible for the administration, interpretation, application and revision of this policy. The policy will be reviewed and revised as and when needed.



**FORM OF ACCEPTANCE OF FRAUD PREVENTION
POLICY (On the letter head)**

To:

**The AGM (Tech & Contracts)
Energy Efficiency Services Limited (EESL),
A-13, IWAI Building, 4th & 5th Floor,
Sec-1 , Noida – 201301 (U.P)**

Sub: Letter of Acceptance of EESL Fraud Policy
Ref: NIT No.

Dear Sir/Madam,

We have read the contents of the Fraud Prevention Policy of EESL and undertake that we along with our associate / collaborator /sub contractors / sub-vendors / bidders/ service providers shall strictly abide by the provisions of the Fraud Prevention Policy of EESL.

Thanking You,

Yours faithfully,

.....

Signature

Printed Name

.....

Designation.....

Common

Seal.....

Date:

Place: