

K-RIDE/Sec/Policies/2022

6th June 2022

OFFICE ORDER

Sub: Notifying K-RIDE's Fraud Prevention Policy & Whistle Blower Policy

The Board of Directors of Rail Infrastructure Development Company (Karnataka) Limited - K-RIDE, in the 91st meeting held on 24th August 2021 have approved K-RIDE's Fraud Prevention Policy & Whistle Blower Policy and authorised to notify the same for implementation in K-RIDE with immediate effect.

Accordingly, it is hereby notified that these policies shall come into force with immediate effect for implementation in K-RIDE. The MD/K-RIDE will be vested with all the powers of Chief Vigilance Officer (CVO) until a regular CVO is appointed.

Copies of the Policies are available in the Company website in PDF format for easy access and reference by all.

(Issued with the approval of MD)



S.N. SRINIVASA
Company Secretary

To:
All officers & staff
K-RIDE

Encl:

- (i) K-RIDE Fraud Prevention Policy
- (ii) K-RIDE Whistle Blower Policy

K-RIDE FRAUD PREVENTION POLICY

1. PREAMBLE:

The policy for fraud prevention & detection is established to facilitate the development of control which will aid in the detection and prevention of fraud against the Rail Infrastructure Development Company (Karnataka) Limited (hereinafter referred to as 'Company') in order to oversee the best practices of Corporate Governance. It is the intent of the Company to promote consistent organizational behavior by providing guidelines and assigning responsibilities for the development of control and conduct of investigations.

2. 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 Company 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.
- v. The bidders/sub-contractors/suppliers/consultants, if submit false documents shall also be dealt with under this policy.

3. SCOPE OF POLICY

The policy applies to any fraud, or suspected fraud involving employees of the Company (all full time, part time or employees appointed on adhoc/temporary/re-employment/contract/deputation/outsourced basis as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of business with the Company.

4. 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



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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.

5. ACTS CONSTITUTING FRAUD:

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitutes fraud:

- 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 other assets by fraudulent means etc.
- iv. Falsifying records such as pay-rolls, removing the documents from files and for 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 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.
- ix. Submission of false/forged documents by the tenderers/vendors/suppliers/consultants with their offer for subcontracting.
- x. Passing of confidential information to prospective bidders/any person with intention to put his/her in beneficial position at the cost of others.
- xi. Any other act that falls under the gamut of fraudulent activity.

The list given above is only illustrative and not exhaustive.

6. REPORTING OF FRAUD:

- i. Any employee full time, part time or employees appointed on adhoc/ temporary/ contract basis, representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with the Company 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 Chief Vigilance Officer, Rail Infrastructure Development Company (Karnataka)



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Limited . 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 designated by Chief Vigilance 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.

- ii. All reports of fraud or suspected fraud shall be handled with utmost speed, care and shall be coordinated by Chief Vigilance Officer.
- iii. Chief Vigilance Officer shall ensure that all relevant records/documents and other evidence is being immediately taken into custody and protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

7. INVESTIGATION PROCEDURE

- i. The Chief Vigilance Officer shall refer the details of the fraud/ suspected fraud to the concerned Director/ Managing Director for further appropriate investigation/ Directions and comments.
- ii. This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Division of 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, imposition of ban or black-listing of the vendors/contractors/suppliers/ consultants/ service providers or any agency (ies) 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. Malicious allegation may result in disciplinary action against the complainant/reporter.
- iv. Vigilance Division shall apprise concerned Director/ Managing Director of the results of the investigation undertaken by them.

8. RESPONSIBILITY FOR FRAUD PREVENTION

- i. Every employee(full time, part time, adhoc, temporary, contract, deputation, outsource), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business relationships 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 place or is likely to take place they should immediately apprise the same to the concerned as per the procedure.



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- 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. 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 which comes to their knowledge, without any fear of victimization.
 - d. Promote employee awareness of ethical principles subscribed to by the Company as per the prevailing policy;
- iii. Necessary amendments shall be made in the general conditions of contracts wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they will adhere to the Fraud Prevention Policy of the Company 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 for execution of contract.

9. **ADMINISTRATION AND REVIEW OF THE POLICY**

The Managing Director shall be responsible for the administration, interpretation, application and revision of this policy.

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K-RIDE WHISTLE BLOWER POLICY

1. Preface & Objective:

Whereas K-RIDE has adopted K-RIDE Fraud Prevention Policy w.e.f. 06.06.2022 for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud,

In addition to the mechanisms already available, the 'Whistle Blower Policy' of K-RIDE seeks

- (i) to ensure greater transparency in all aspects of the Company's functioning by formulating a procedure for further enabling employees to bring to the attention of Company incidents of improper-activities and
- (ii) to provide necessary safe-guards for protection of employees from reprisals or victimization for whistle blowing in good faith

2. Definitions:

In this Policy unless repugnant to the subject or context of its usage, the following expressions shall carry meanings hereunder assigned to them, namely:

- (a) 'Audit Committee' means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of Companies Act, 2013
- (b) Adverse Personnel Action
An Employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves and training or other privileges.
- (c) 'Company' means Rail Infrastructure Development Company (Karnataka) Limited (K-RIDE)
- (d) 'Competent authority' means Managing Director of the Company. In case of conflict of interest, Competent Authority would mean Chairman-Audit Committee
- (e) 'Complainant' means any employee of the Company including the Directors in the employment who has made a complaint and who discloses in good faith any unethical & improper practices or alleged wrongful conduct to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to the Audit Committee in writing. The Whistle Blower's role is as a reporting party, he/she is not an investigator. Although the Whistle Blower is not expected to prove the truth of an allegation, he needs to demonstrate to the Audit Committee, that there are sufficient grounds for concern.
- (f) 'Complaint' means an expression of an improper Activity of any employee or group of employees of the Company made by a complainant in writing in conformity with this Policy.
- (g) Good Faith
An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where



the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

- (h) 'Improper Activity' means any activity by an employee of the Company that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his or her employment, and that is in violation of any law or conditions of employment applicable to the employee, including, but not limited to, corruption, malfeasance, bribery, theft, conversion or misuse of the Company's property, 'fraudulent claim, fraud or willful omission to perform the: duty, or that is economically wasteful or involving gross misconduct, incompetence or gross inefficiency.
- (i) **Managerial Personnel**
Managerial Personnel shall include Director, all Executives at the level of manager and above, who has authority to make or materially influence significant personnel decisions.
- (j) 'Motivated Complaint' A complaint shall be deemed to be 'motivated' if it is found to be deliberately false or motivated by revenge, enmity or mischief or other extraneous consideration.
- (k) 'Protected Disclosure' means a bonafide disclosure or complaint of 'improper activity.
- (l) 'Victimization' means any act by which the complainant is meted out an unfair treatment or harassed or victimized for making a complaint in good faith.
- (m) 'Whistle Blower' means an employee making a protected disclosure under this policy.

3. Guidelines

(a) Internal Policy & Protection under Policy

This Policy is an internal policy on disclosure by employees of any unethical and improper practices or wrongful conduct and access to the Head of Department or in case it involves Senior Managerial Personnel access to the Managing Director and in exceptional cases access to Audit Committee. This policy prohibits the company to take any adverse personnel action against its employees for disclosing in good faith any unethical & improper practices or alleged wrongful conduct to the Head of Department or to the Managing Director or to the Audit Committee. Any employee against whom any adverse personnel action has been taken due to his/her disclosure of information under this policy may approach the Audit Committee

(b) Safeguards- Harassment or Victimization:

Harassment or Victimization of the complaint/Whistle Blower will not be tolerated and could constitute sufficient grounds for dismissal of the concerned employee responsible for such harassment or victimization of complaint.

(c) Confidentiality:

Confidentiality of whistle blower shall be maintained to the greatest extent possible. Every effort will be made to protect the whistle blower's identity, subject to legal constraints.



(d) Anonymous Allegations:

Complainants must put their names to allegations as follow-up questions and investigations may not be possible unless the source of the information is identified. Concerns expressed anonymously SHALL NOT BE usually investigated BUT subject to the seriousness of the issue raised, the Audit Committee can initiate an investigation independently.

(e) Malicious Allegations:

Malicious Allegations by employees may result in disciplinary action against such employee(s).

(f) False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Audit Committee shall be subject to disciplinary actions, including termination of employment, in accordance with Company rules, policies and procedures. Further, this policy may not be used as a defence by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him/her and for legitimate reasons or cause under Company rules and policies.

(g) Disclosure

An employee who observes or notices any unethical & improper practices or alleged wrongful conduct in the Company may report the same to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to Audit Committee.

4. Procedure for Complaint:

4.1 A Complaint shall be made in writing. It shall be specific and verifiable, and shall be accompanied by supporting documents or other material wherever possible. The complete identity of the Complainant i.e. his/her signatures, Name, Employee ID no., designation, address and telephone no. shall be given on a separate sheet attached to the complaint. The text of the complaint should be written in a manner so as not to reveal the identity of the complainant.

4.2 Anonymous or pseudonymous Complaints shall not be entertained.

4.3 The Complaint shall be enclosed in a sealed envelope with the words '*Protected Disclosure under Whistle Blower Policy of K-RIDE*' superscribed on it and addressed to:

Managing Director

Rail Infrastructure Development Company (Karnataka) Limited
Samparka Soudha,
1st Floor,
Opp., Orion Mall,
Survey No.8 (BEP Premises),
Dr. Rajkumar Road,
Rajajinagar 1st Block,
Bangalore-560001



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- 4.4 If the whistle blower believes that there is a conflict of interest with the MD, he/she may send his/her complaint in a sealed envelope directly addressed to:

Chairman – Audit Committee
Addl. Chief Secretary to
Government of Karnataka
Infrastructure Development Department
Room No. 27, Ground Floor
Vikasa Soudha, Bangalore-560001

- 4.5 If the envelope is not superscribed and sealed, it will not be possible to provide protection to the whistle blower as specified under this Policy
- 4.6 The Complainant may not be an investigator and hence is not expected to have conducted any independent investigation prior to making the Complaint. The Complainant is, however, expected to have knowledge of the facts on which the Complaint is based and must, therefore, disclose sufficient facts about the existence of Improper Activity by an employee of the Company in the Complaint.

5. Handling of Whistle Blower complaints, Investigation and Action thereon:

- 5.1 All complaints will be recorded and acted upon in a time bound manner while maintaining complete confidentiality about the identity of the complainant.
- 5.2 In the event, where the complaint has no basis or matter is not to be pursued under this policy, it may be dismissed at this stage by the competent authority and the decision documented.
- 5.3 Where the competent authority is prima facie satisfied that the complaint carries a vigilance angle and warrants investigation of the alleged improper activity, competent authority will refer the complaint to the Audit Committee of the Company for initiating action/investigation.
- 5.4 In cases other than those referred in 5.3 above, the competent authority may designate any other appropriate officer for making preliminary inquiry (PE) and submit report.
- 5.5 The investigation shall normally be completed within a period of six weeks or such extended period as the competent authority may permit for reasons to be recorded.
- 5.6 The inquiry Officer or any other officer designated in this behalf will submit the PE/ investigation report to the competent authority.
- 5.7 Upon PE/investigation, if the allegations are partially or fully established, the competent authority shall take/recommend appropriate action. These shall interalia, include the following:



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- (i) Appropriate disciplinary proceedings to be initiated against the employees found involved in improper activity
- (ii) Recommend to the appropriate authority/agency for initiation of criminal proceedings in suitable cases, if warranted by the facts and circumstances of the case.
- (iii) Appropriate remedial action to remedy the improper activity and/or to prevent the recurrence of such improper activity.

5.8 If the competent authority is satisfied that the protected disclosures /complaint is false, motivated or vexatious, the competent authority may initiate/recommend appropriate disciplinary action against the whistle blower.

6. Confidentiality & Protection:

6.1 A complainant of a protected disclosure shall be entitled to the following protections:

- (i) The Identity of the complainant shall not be revealed unless the complainant himself has made the details of the complaint either public or disclosed his identity to any other office or authority
- (ii) Protection of the complainant against victimization for making the complaint.

6.2 A whistle blower may refer any grievance as per para 6.1 to the Competent Authority who shall look into the same expeditiously and take such corrective action as may be required to protect his/her interest. Any directions of the Competent Authority in this regard shall be final and binding.

6.3 However, a disciplinary action against the whistle blower which occurs on account of poor job performance or misconduct by the whistle blower and which is independent of any disclosure made by the whistle blower shall not be protected under this policy.

6.4 Any other employee either processing the complaint or assisting in the investigation of the said complaint shall also be protected to the same extent as the whistle blower.

6.5 The complainant will be entitled to information on the disposition of the complaint subject to legal constraints.

7. Penalty for disclosure of identities:

Disclosure of the identity of the whistle blower by an employee shall constitute 'misconduct' and any person found responsible shall be liable to disciplinary proceedings in accordance with K-RIDE (Discipline and Appeal) Rules.

8. Review:

The Competent Authority shall submit a report for the period ended 30th September and 31st March each year about the receipt, disposal and action taken on the complaints under this Policy to the Audit Committee which shall have power to review any action or decision taken

9. **Amendment:**

This Policy can be changed, modified or abrogated at any time by the Board of Directors of the Company.



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