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		Rev No.	R00
	Title: Anti-Fraud & Anti-Corruption Policy	Effective Date	01-01-23
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1.0.0 Purpose / Objective:

The purpose of this Policy is to prevent and detect the fraud and corruption across Spark Minda Group. The Policy's objective is to encourage consistent legal and ethical organizational behavior by allocating responsibilities for the establishment of controls and giving instructions for reporting and conducting investigations of suspected fraudulent or corrupt or other activities involving the element of fraud. Spark Minda has a zero-tolerance Policy with respect to fraud and corruption.

Strict adherence to the Indian Prevention of Corruption Act, 1988 and the Prevention of Corruption (Amendment) Act, 2018 is the core behind this Policy.

In addition, to these, the following laws are also applicable in case of fraud and corruption:

- Indian Penal Code, 1860 (“IPC”);
- Prevention of Money Laundering, 2002;
- Central Vigilance Commission Act, 2003;
- Information Technology Act, 2000
- Companies Act, 2013
- Lokpal & Lokayukta Act, 2013
- State specific Lok-Ayukta Acts
- Any other laws and regulations being applicable or required due to the nature of the transaction with the third parties

Additionally, some International Organizations/ Conventions with respect to Corruption and bribery are listed below:

- United States Foreign Corrupt Practices Act (FCPA)
- United Kingdom Bribery Act 2010 (UKBA)
- OECD (Organization for Economic Co-operation and Development)
- United Nations Convention Against Corruption

This Policy along with whistle blower Policy demonstrates Spark Minda Group’s (SMG) commitment to highest possible standards of transparency, honesty and accountability in all of its affairs.

2.0.0 Scope/ Coverage

- (i) The Policy has been designed to enforce controls in order to create a system for the prevention and detection of fraud (hereinafter, fraud includes corruption unless stated otherwise), the reporting of fraud or suspected fraud, and the proper handling of fraud-related concerns.
- (ii) This Policy applies to any fraud or suspected fraud against the SMG involving employees (including contractual employees), shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies, and/or any other parties with a business relationship with SMG.
- (iii) Management understands its role in preventing and detecting fraud, misappropriation, and other inappropriate conduct. The management is responsible for ensuring that the SMG has processes and systems in place to minimize the incidence and opportunity for fraud and irregularities.

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- (iv) Any detected or suspected fraud must be reported promptly to the CAG and/or officer appointed by CAG for preliminary investigation and coordination.
- (v) CAG or officer appointed by CAG to carry-out detail investigations into fraudulent and/or suspected activities.

3.0.0 Applicability

Unless otherwise stated, this Policy is applicable to all units/ companies of Spark Minda Group. The Policy applies to all individuals working at all levels and grades, including directors, senior managers, managerial personnel officers, employees, consultants, contractors, trainees, interns, casual workers and agency staff, agents, or any other person associated directly/indirectly with SMG.

4.0.0 Definition of terms/ abbreviation

Following acronyms have been used in the document:

- (i) SMG: The term “SMG” wherever used in this Policy would mean Spark Minda Group.
- (ii) CAG: The term “CAG” wherever used in this Policy would mean Corporate Audit & Governance.
- (iii) Management: The term “Management” wherever used in this Policy would mean Directors, Executive Committee members and Senior Management Committee members of SMG
- (iv) Committee: The term “Committee” wherever used in this Policy would mean to include CAG Head, Group HR Head, CEO and respective Group Function Heads
- (v) Policy Owner – Department who prepared the policy

5.0.0 Guidelines related to Criteria/ Scheme/ Policy/ Procedures

1. **Fraud:** Fraud is defined as any behavior by which individual goals for achievement of unscrupulous preference over another and illegitimate loss to the other and illegitimate causality to the other either by way of secretion of substantiality or otherwise. A fraud is not defined by a specific monetary amount. It is not necessary for the fraud to be successful to be considered as corrupt; simply making an offer can be enough to constitute a criminal offense. These principles apply to the SMG in any jurisdiction where it operates or conducts business.

2. Actions Constituting Fraud

The term fraud or suspected fraud refers to but not limited to:

- a. Forgery or modification of any SMG - owned document or account.
- b. Forgery or alteration of a cheque, bank draft or any other financial instrument, financial document and personal claims, etc.
- c. Misappropriation of funds, securities, supplies and other assets, etc.
- d. Wilful suppression of facts/ deception in matters of appointments, placements, tender committee recommendations, entity and project appraisal, preparation and/ or approval of business case, submission of reports, etc. as a result of which a wrongful gain(s) is made to one and/ or wrongful loss(s) is caused to SMG or such act brings disrepute to SMG.
- e. Utilising company funds for personal purposes.

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- f. Authorising and receiving payments for goods not supplied or services not rendered.
- g. Destruction, disposal, or removal of documents or other assets of the SMG with the intent to distort and falsify the facts in order to generate suspicion/ suppression/ cheating, as a consequence of which an objective assessment/ conclusion cannot be reached.
- h. Impropriety in the handling or reporting of money and/ or financial information transactions.
- i. Profiteering from insider knowledge of a SMG's operations.
- j. Disclosure of Confidential and proprietary information to third parties.
- k. Accepting or soliciting anything of significant value from contractors, suppliers, lenders, borrowers, and anyone supplying services/ materials to SMG in violation of the SMG's conduct, discipline, and relevant rules.
- l. Manipulation of information system applications and data for personal advantage.
- m. Transactions involving unusual payment patterns or financial arrangements.
- n. Inflated pay-outs
- o. Improper payments towards political, social or charitable institutions
- p. Any other improper behaviour with an intent to gain personal advantage or causing loss/disrepute to SMG.
- q. Unauthorized use of SMGs assets

3. **Corruption:** Corruption means a wrongdoing, through means that are illegitimate, immoral, or incompatible with ethical standards. It is dishonest or fraudulent conduct by those in power, typically involving but not limited to bribery.

4. **Bribery:** Bribery is an offering, giving or receiving anything of value with the intention of inducing a person to act or to reward a person for having acted. Bribery includes the offer, promise, giving, demand or acceptance of an undue advantage as an inducement for an action which is illegal, unethical or a breach of trust. It is important to understand that a corrupt act has occurred even if:

- A bribe does not succeed.
- A person authorizes or provides direction for a bribe, but no bribe is ultimately offered or paid.

5. SMG strictly prohibits bribery in any form, either directly or through a third party.

6. Prevention and Control of Fraud


- (i) Management is responsible for advocating and developing a corporate culture of honesty and integrity, establishing controls and procedures to reduce the risk of fraud, while CAG would be responsible for receiving, investigating, reporting, and recommending a remedial course of action in response to suspected or expressed concerns of fraud or fraudulent behaviour.
- (ii) Management must inform employees of the opportunities and procedures for anonymously reporting wrongdoings and dishonest behaviour using the established whistle-blower Policy and the communication channels described therein.
- (iii) Management must identify and assess the importance and likelihood of fraud risk at the entity, business department, and process levels as part of the yearly risk assessment process.

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- (iv) Through protective approval, segregation of duties, and periodic compliance assessments, management must implement measures to decrease the risk of fraud. Management must establish and implement necessary internal control activities for those risk areas of fraud occurrence, such as inaccurate financial reporting, exceeding authorisation, and information systems.
- (v) In terms of establishing and maintaining effective controls it is generally desirable that:
 - (a) Wherever feasible, duties must be separated (segregation of duties) so that control of a critical function is not vested in a single person.
 - (b) Back-logs should not be allowed to accumulate.
 - (c) Whenever designing any new system, consideration must be given to building in safeguards. Emphasis should be given to IT or tech enabled controls (wherever feasible) considering the cost-benefit relationship.

7. Roles and Responsibilities

- (i) **The Management is responsible for** designing and maintaining an effective system of internal controls to support SMG's goals and objectives. SMG's internal control system is designed to respond to the fraud risks which it encounters. Internal controls are based on a continuous process that identifies the most significant fraud risks, assesses the nature and scope of those risks, and successfully manages those risks by:
 - (a) Ensuring suitable reporting procedures for fraud risk issues and major fraud incidences are in place.
 - (b) Ensuring that all stakeholders are aware of the SMG's anti-fraud anti-corruption Policy and are aware of their responsibilities.
 - (c) Ensuring that if fraud occurs or is suspected, vigorous and quick investigations are conducted.
 - (d) Ensuring that fraud perpetrators are subjected to appropriate legal and/or disciplinary action.
 - (e) Ensuring that appropriate action is taken to minimize the risk of similar frauds occurring in future.
- (ii) **CAG is responsible for the following:**
 - (a) Assisting in the deterrence and prevention of fraud by assessing and evaluating the effectiveness of controls in various activities of the department's operations that are commensurate with the level of the potential exposure/risk.
 - (b) Ascertaining that management has assessed its risk exposure and considered fraud as a potential business risk.
- (iii) **Each employee is responsible for the following:**
 - (a) When it comes to cash, payments, receipts, or dealing with suppliers, acting with propriety in the use of SMG resources and the processing and use of SMG funds is essential. Staff should not take gifts, hospitality, or other perks of any kind from other parties that could be perceived as jeopardising their integrity.

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- (b) Being alert for unexpected events or transactions that could indicate fraud.
- (c) If they suspect a fraud has been committed or notice any suspicious acts or incidents, they should report them immediately through the appropriate channel.
- (d) Fully cooperating with anyone performing internal audits, reviews, or fraud investigations.

8. Prohibited Actions by SMG Personnel or any third-party

- (i) No person shall, directly or indirectly give, offer, promise, request, or approve a payment of anything of value or any other benefit in order to influence any act or decision made by the government official in their official capacity for the purpose of obtaining or retaining business for or with the SMG, or securing any improper business advantage.
- (ii) No person shall, directly or indirectly give, offer, promise, request, or approve a payment of anything of value or any other benefit to a commercial party in order to obtain or retain business for the SMG, or any improper commercial advantage or benefit for the SMG.
- (iii) No person shall grant, propose, promise, request, or sanction a payment, directly or indirectly, if they have any reason to believe that any portion of the payment will be used for any of the purposes stated above.
- (iv) No person shall receive or agree to receive anything of value or any advantage that could reasonably be construed as a bribe, directly or indirectly.
- (v) The prohibition on bribery applies to the giving of anything of value, not only money. This includes providing business opportunities, preferential treatment, favourable contracts, stock options, gifts and entertainment.

9. Business Hospitality, Travel, Meals and Gifts

- (i) When paying for entertainment, food, travel, or a gift to a Third Party, this Policy allows for some exceptions to the SMG's basic anti-fraud rules. Expenses of this nature are allowed only if they are of modest value, reasonable, a matter of simple common courtesy under local custom, incidental to conducting legitimate and bona-fide business, building business relationships, or showing appreciation, and not used with the intent of exerting improper influence or with the expectation of reciprocity, and always provided that any such expense payment does not violate any applicable laws or contravene anti-fraud or similar Policy of any commercial party involved.
- (ii) Employees should seek adequate management approval as per authority matrix before presenting or receiving any gift and/or entertainment to/from a third party. It is critical to avoid even the appearance of improper conduct with any Government Official and/or Commercial Party, and if in doubt, please consult your HOD or simply refrain from making any such payment.

10. Adequate Record-Keeping and Reporting

- (i) The books and records should be kept in such a way that it reflects, in reasonable detail, all the transactions and asset dispositions of SMG.

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- (ii) Appropriate system of internal accounting controls including periodic audits should be developed and implemented.
- (iii) Every employee is personally responsible for the accuracy of his or her own records and reports. The SMG's capacity to meet legal and regulatory requirements depend on accurate information, and all reports must be made honestly, accurately, and in a reasonable level of detail.

11. **Due Diligence**

- (i) Without first conducting due diligence on the third party's background, credentials, and reputation, the SMG should never enter into any arrangement with a third party that will have significant interaction with government officials on the SMG's behalf.
- (ii) Prior to entering the agreement, any issues raised during the due diligence examination must be resolved to the satisfaction of the SMG. Due diligence time and effort will be determined by the quantity and complexity of issues raised during the assessment process.
- (iii) Once management has identified a third party who will have significant interaction with third parties on the SMG's behalf, they should notify and seek approval from the Vertical CEO and Vertical CFO. In case of Group Corporate, approval should be obtained from GCEO and GCFO.


12. **Incorporation of Anti-Fraud Policy in Tenders/ Contracts etc.**

All Bidders/Service Providers/Vendors/Consultants etc. will be required to certify that they will adhere to SMG's Anti-Fraud Anti-Corruption Policy and will not engage in or allow others to engage in fraudulent activities, and that they will immediately notify CAG of any fraud/suspected fraud. Similar clauses requiring clients to follow SMG's Anti-Fraud Anti-Corruption Policy will be included in sales agreements and other service agreements. Legal department would update the agreements and ensure that the relevant AFAC clause is incorporated. However, HODs would be responsible to ensure that all their agreements are updated and vetted by the legal department.

13. **Confidentiality**

All information received by the CAG or Audit Committee or any other relevant authority in relation to this Policy is treated as confidential. Any employee who suspects dishonest or fraudulent behaviour should immediately alert the CAG, and should not seek to undertake personal investigations or interviews/ interrogations into any suspected fraudulent act.

The findings of the investigation will be kept confidential and only shared with those who have a valid need to know. This is necessary to avoid harming the reputation of those who have been accused of wrongdoing but have since been proven innocent, as well as to shield the SMG from any civil liability.

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14. Investigation Authorities and Responsibilities

- (i) The CAG head will be in charge of all investigations into suspected fraudulent conduct as outlined in the Policy. If the investigation uncovers evidence of fraudulent activity, it will be disclosed to the proper designated staff and, if necessary, the Board of Directors via the Audit Committee.
- (ii) It would be the responsibility of CAG to carry-out all investigations and report the results to audit committee. CAG may take external consultant's help in investigations as they deem fit for the purpose.
- (iii) Final decision on the disposition of the investigation, as well as whether to prosecute or send the examination results to appropriate law enforcement and/or regulatory bodies for independent inquiry, will be determined in consultation with SMG's internal legal team and Committee.

15. Authority of Investigating Team

Authority of Investigating Team would be in accordance with Whistle-Blower Policy. The Investigating Team would report in to the CAG Head for any confusion and for finality of the procedures, policy and penalties.

16. Fraud Reporting Procedures

Fraud Reporting procedures would be in accordance with Whistle-Blower Policy. The detailed procedure has been mentioned herein below in Clause 19 to the Policy.

17. Responsive Actions

Responsive actions would be in consonance with the Whistle-Blower Policy.

18. How to Raise Concern

- (i) Every employee is encouraged to raise concern of bribery or corruption or a suspected event of bribery or corruption or malpractice or any breach of this Policy to the CAG department.
- (ii) No employee who reports such an act should face harassment or retaliation or any adverse consequences.

19. Procedure

- (i) Complaint shall be received by the CAG through the Whistle Blower Policy or by Special management request.

(ii) Review the complaint: Responsible team - CAG

The CAG shall review the complaint and allegations received.

- a) To check the source of complaint.
- b) To verify that allegations mentioned in the complaint has been in violation of any law, regulation or company policy.
- c) To check the allegations under preview of anti-fraud and anti - corruption policy.

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(iii) Decision for investigation: Responsible person - CAG Head

- a) To decide whether the investigation should be conducted or not on the basis of complaint review report.
- b) To take quick action against suspected individual before further investigation to ensure and protect the facts and control losses to company.
- c) Actions includes but not limited to – Termination of services or filing of police complaints or as decided by the CAG Head/ Committee.

(iv) Decision on the Investigators: Responsible person - CAG Head

Decision needs to be taken whether the investigation is to be conducted by the internal CAG team or it is to be outsourced to a third party.

(v) Plan the investigation: Responsible Team – CAG + Investigators

Planning of investigation to be conducted considering following points:

- a) Whether the investigator will plan a travel or call to suspected persons at BV Corporate/ GCO for investigation.
- b) Outline the strategy of investigation.
- c) Determine the scope of the investigation.
- d) Prepare an interview list.
- e) Create a timeline.

(vi) Conduct the Investigation: Responsible Team - Investigator

In the process of conducting investigation, following process should be follow:

- a) Conduct interview of suspected persons and other respective plant team.
- b) Get the signed declaration/ /acceptance letter /other documents required as per legal framework.
- c) Start with explanation from suspected persons.
- d) Note down or record conversations.
- e) Gathered and analyze the evidences.
- f) Check evidences against the allegations.

(vii) Take confession from the guilty person/(s): Responsible Team - Investigator

Upon establishment of guilt, present the accused with all allegations with facts and evidences and take confession from them.

(viii) Draft Report on Fraud Investigation: Responsible Team - Investigator

Draft report prepared by the investigator on the basis of fact check, interviews, data analysis, evidences, findings and confessions.

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(ix) Corrective and Preventive action Plan: Responsible Team – Respective department heads

Corrective and preventive action plans to be implemented by the respective department heads. These steps shall be taken immediately. For any financial implications, report should be shared with GCFO for their corrective and preventive action plans.

(x) Review and Issue the final investigation report: Responsible Team - CAG

Upon receipt of the Investigation report, and after final review of the same, the CAG head shall report it along with suggestive action Plan to the Committee. The Committee, upon receipt of the report and suggestions from the CAG Head, shall discuss the same and take final decision on the report.

(xi) Action taken: Responsible Team – CAG + Respective department and vertical heads

After the final decision of the Committee, the CAG will send such decision to the respective department/vertical head, who shall be liable to implement the same.

Corrective actions should be taken on immediate basis. CAG head is authorized to take immediate action on the basis of investigation findings and report to ensure no future loss and protect facts / evidences. Respective department/ vertical head to take corrective and preventive actions as mentioned in the report.

(xii) Follow up for closure of open observations and pending action plans: Responsible Team – Audit Manager

Audit Manager shall follow up with responsible persons for follow up on action plan as decided in the final investigation report.

(xiii) Audit Reporting to Management: Responsible Team - CAG

CAG head will present the consolidated final report on all frauds with actions, to Management.

(xiv) Audit Committee Meeting: Responsible Team – CAG

CAG head will present the list of all frauds which have been received through the whistleblower and other sources to audit committee with action plan / action taken.

(xv) Training and Awareness:

Policy owner will be responsible for the awareness and training of the policy.

20. Penalties

1. Any violation to this Policy would amount to a serious offence and shall result in disciplinary action against the accused.

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2. Bribery is a criminal offence and the accused will be accountable whether she/he pays a bribe herself/himself or authorizes, assists, or conspires with someone else to violate this Policy or an anti-corruption/anti-bribery law. Punishments for violating the law are against the accused as an individual and may include imprisonment, probation, and significant monetary fines which will not be paid by the Company.
3. CAG shall have the authority to prescribe:
 - (a) *Corrective action*: If required, corrective action shall be dictated to the managers, superiors or employees for implementation
 - (b) *Penalties*: If the violation is potentially criminal in nature, the CAG shall have the authority to take necessary and appropriate disciplinary action against the accused employee. In case of such an action, the accused employee shall co-operate with relevant authorities and honor the action taken against him. Depending upon the scale of the offence, appropriate civil or criminal proceedings can be initiated against such an employee, by the CAG, in order to enforce remedies available to SMG under applicable laws.
4. All internal investigations shall follow principles of natural justice and shall ensure that the accused is provided with an opportunity to make his/her case before the investigating team.

6.0.0 Special Provisions

No Such Provision.

7.0.0 Explanation of Template/ Form/ Format, Annexure, Notes etc.

Not Such Forms.

8.0.0 Exclusions

No Exclusions.

9.0.0 Supersede

This SOP supersedes any other SOP related to Anti Fraud and Anti Corruption Policy.

10.0.0 Confidentiality Level

The document is property of Spark Minda group and will be shared with all the employees.

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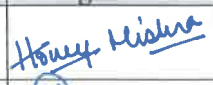

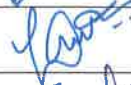

List of Functional Committee Members:

Name of Members	Designation
Ashim Vohra	GCOO
Ajay Singhroha	GCHRO
Arvind Chandra	BV I CEO
Biranchi Mohapatra	BV II CEO
Neeraj Sharan	BV IV CEO
Sanjiv Kumar Jalan	Head – Corporate Audit Governance

Revision History

Rev No	Description	Date
R00	Original Document	01 Jan 2023
	Description of revision	

Approval

Responsibility	Name	Designation	Signature
Prepared by	Honey Mishra	Deputy Manager – Legal	
Reviewed by	Ambika Pratiyush	Deputy General Manager – Legal	
Reviewed by	Lalit Mittal	Lead – Corporate Audit Governance	
Validated by	Sanjiv Kumar Jalan	Head – Corporate Audit Governance	
Approved by	Ashok Minda	GCEO	