

COCHIN SHIPYARD LIMITED WHISTLE BLOWER AND FRAUD PREVENTION POLICY

1 PREFACE

The Company believes in the conduct of its affairs of business in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical manner. Over the years, Cochin Shipyard Limited has put in place various policies, procedures, systems to guide its employees and other stakeholders within and outside the organization. Most of these have been formalized in form of policy documents. These systems have been designed to ensure that officials dealing and undertaking transactions conduct the same in a transparent and uniform manner. Few examples are Delegation of Powers, Finance and Human Resources Systems, ERP-SAP, Conduct, Discipline and Appeal Rules for employees and Standing orders etc. CSL is also operating Integrity Pact for Contracts/ Procurements value more than one Crore. Further, there are various provisions under different Acts and guidelines which require Company to prevent any fraud & corrupt practices and develop a mechanism to prevent and detect such activities.

A PROVISIONS/ GUIDELINES RELATED TO WHISTLE BLOWER

(i) Companies Act, 2013: [Section 177(9) & (10)]

States that "Every listed Company or such class or classes of companies, as may be prescribed shall establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.

The vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimization of persons who use such mechanism and make provisions for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. Provided that the details of establishment of such mechanism shall be disclosed by the Company on its website, if any, and in the Board's Report.

The Rule 7(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 provides that companies where Audit Committee exists, it is the responsibility of the Audit Committee to oversee the Vigil Mechanism. Rule 7(5) also provides that in case of repeated frivolous complaints being filed by a director or an employee, the Audit Committee may take suitable action against concerned director or employee, including reprimand.

(ii) Listing Regulations: [Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)]

Provides as a mandatory requirement for listed companies to establish a Whistle Blower Policy for Directors and employees to report genuine concerns.

(iii) DPE guidelines on Corporate Governance for CPSEs:

As per the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE), the Board should implement policies and procedures which should include:

- (a) Staff responsibilities in relation to fraud prevention and identification;
- (b) Responsibility of fraud investigation once a fraud has been identified;
- (c) Process of reporting on fraud related matters to management;
- (d) Reporting & recording processes to be followed to record allegations of fraud;
and
- (e) Requirements of training to be conducted on fraud prevention and identification.

Suggest inclusion of Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee in the report on Corporate Governance in Annual Report of companies.

(iv) Public Interest Disclosure and Protection of Informers (PIDPI)

Prescribes procedure for handling of complaints to be followed by the Chief Vigilance Officers of the Ministries/ Departments of Government of India and states that CVOs have been authorized as the Designated Authority to receive written complaints or disclosure on any allegation of corruption or misuse of office by or under any Central Act, Government Companies, Societies or local authorities owned or controlled by the Central Government and falling under the jurisdiction of that Ministry or the Department.

(v) Whistle Blowers Protection Act, 2011

The said Act envisages a mechanism to receive complaints relating to disclosure on any allegation of corruption or wilful misuse of power or wilful misuse of discretion against any public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimisation of the person making such complaint and for matters connected therewith and incidental thereto.

B PROVISIONS/ GUIDELINES RELATED TO FRAUD PREVENTION:

(i) Report to Comptroller and Auditor General of India (C&AG)

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 on the annual accounts of the Company. Keeping in view of the above provisions, Whistle Blower and Fraud Prevention Policy has been framed and same is as under:

2 WHISTLE BLOWER AND FRAUD PREVENTION POLICY

Both Whistle Blower mechanism and Fraud Prevention deal with disclosures made by an employee/ complaint made by an outsider to the Organization regarding corruption or acts of Fraud. Therefore, to deal with such disclosure or complaints of fraud in Cochin Shipyard Limited, a single policy has been framed. This policy deals with disclosures made by employees or complaint of any fraud or suspected fraud involving employees of Cochin Shipyard Limited (all full time, part time or employees appointed on adhoc/ temporary/ contract basis) as well as representative of vendors, suppliers, contractors, service providers or any outside agency(ies) doing any type of business in Cochin Shipyard

Limited or an actual or suspected leak of unpublished price sensitive information, as defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (“**SEBI PIT Regulations**”).

3 DEFINITIONS

The definitions of some of the key terms used in this policy are given below:

- (i) **Company** means Cochin Shipyard Limited (CSL) and its wholly owned subsidiaries.
- (ii) **Employee** means every employee whose names appear on the rolls of the Company (Whether working in India or abroad) including the Functional Directors of the Company.
- (iii) **Whistle Blower** means an employee making a Protective Disclosure under this policy.
- (iv) **Protective Disclosure** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- (v) **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 violation of any law or the rules of conduct applicable to the employee, including but not limited to abuse of authority, breach of contract, manipulation of Company data, pilferage of confidential/ proprietary information, criminal offence, corruption, bribery, theft, conversion or misuse of the Company's property, fraudulent claim, fraud or wilful omission to perform duty, or that is economically wasteful or involving gross misconduct, incompetence or gross inefficiency and any other unethical biased favored or imprudent act and includes violation of the SEBI PIT Regulations.
- (vi) **Fraud** in relation to affairs of a Company or any body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- (vii) **Wrongful gain** means the gain by unlawful means of property to which the person gaining is not legally entitled.
- (viii) **Wrongful loss** means the loss by unlawful means of property to which the person losing is legally entitled.
- (ix) **Corruption** is the abuse or misuse of entrusted power for private gain.
- (x) **Person(s) who can report fraud** includes any employee (Full-time, Part-time or employees appointed on adhoc/ temporary/ contract basis), representative of vendors, suppliers, contractors, consultants, service providers or funding agencies, any other agency(ies) doing any type of business with CSL.

- (xi) **Electronic mail** means a message or information created or transmitted or received on any computer, computer system, computer resource or communication device including attachment in text, image, audio, video and any other electronic record which may be transmitted with message.
- (xii) **Nodal Officer** means officer(s) identified for receiving protective disclosure or complaints relating to fraud/ improper activity.
- (xiii) **Audit Committee** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Listing regulations.

4 ACTIONS CONSTITUTING FRAUD

While fraudulent activities 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 instruments etc;
- (iii) Misappropriation of funds, securities, supplies or other assets by fraudulent means etc;
- (iv) Falsifying records such as pay rolls, removing of documents from files and/ or replacing it by a fraudulent note etc.;
- (v) Wilful suppression of facts/ deception in matters of appointment, placement, submission of reports, tender committee recommendations etc. as a result of which 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 service 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 as to create suspicion/ suppression/ cheating as a result of which objective assessment/ decision would not be arrived at;
- (ix) Accepting bribes and/ or gift in violation of CSL Conduct, Discipline and Appeal Rules (“**CDA Rules**”); and
- (x) Any other act that falls under the gamut of fraudulent activity or as may be specified by CVC or DPE.

(The list given above is only illustrative and not exhaustive)

5 WHISTLE BLOWER/ PERSON(S) REPORTING FRAUD: ROLES & DISQUALIFICATION

A ROLE

- (i) Protective Disclosure being made by the employee or any person reporting of fraudulent activity should be made to the identified Nodal Officer.

- (ii) The Protective Disclosure or reporting of Fraud should be in writing so as to ensure a clear understanding of the issues raised and should be either typed or written in legible writing in English, Hindi, Malayalam or other Regional Language. The Protective Disclosure or reporting can also be made by electronic mail.
- (iii) The Protective Disclosure or the reporting of Fraud should be forwarded with covering letter which shall bear the identity of the whistle blower/ person reporting Fraud.
- (iv) The Protective Disclosure or the reporting of Fraud should be factual and not speculative and should contain as much specific information as possible to allow proper investigation.
- (v) The Whistle Blower/ person reporting Fraud is not required or expected to conduct investigation of his/ her own neither he/ she have any right to participate in investigation.

B DISQUALIFICATIONS

- (i) Genuine Whistle Blower/ person reporting Fraud will be accorded protection from any kind of unfair treatment/ victimization. However, any abuse of this protection shall warrant disciplinary action if he/ she is an employee.
- (ii) Whistle Blower who makes any Protective Disclosure which have been subsequently found to be motivated or malafide or malicious or frivolous or baseless or reported otherwise than in good faith, will be liable for disciplinary action as per the applicable CDA Rules.
- (iii) Whistle Blower or any other person who makes three Protective Disclosures and/ or reporting of fraud which have been subsequently found to be motivated or malafide or malicious or frivolous or baseless or reported otherwise than in good faith, will be disqualified from reporting any disclosure or fraud under this scheme, with the approval of the Audit Committee.
- (iv) In case any Whistle Blower/ person reporting Fraud resiles from disclosure/ complaint the management shall still reserve the right to proceed with the matter under this policy.

6 NODAL OFFICER

- (i) The Nodal Officer(s) shall be appointed by the Chairman and Managing Director ("CMD"). The Officer will not be below the rank of GM. The officer chosen should be known for his/ her integrity, independence and fairness.
- (ii) In case the Protective Disclosure/ report of Fraud or suspected Fraud relates to Nodal Officer(s) itself then the same shall be reported directly to the CMD.
- (iii) All Protective Disclosures/ report of Fraud or suspected Fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s).
- (iv) The Nodal Officer(s) shall ensure that all relevant records, documents and other evidence are 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.

- (v) The Nodal Officer(s) shall preliminary examine Protective Disclosure/ complaint, such as letter, which should bear the identity of the Whistle Blower/ persons reporting Fraud i.e., Name, Employee No., Location/ Address and ensure that the same is factual, not baseless and contains as much specific information as possible to allow Empowered Committee to take appropriate decision.
- (vi) The Nodal Officer(s), on finding the Protective Disclosure/ complaint to be proper, shall forward the details of the Improper Activity or Fraud or anticipated/ suspected Fraud to the Empowered Committee. The Nodal Officer, on finding the Protective Disclosure/ report of Fraud to be improper shall reject the complaint, with a report in this regard to Empowered Committee.

7 EMPOWERED COMMITTEE

- (i) Empowered Committee shall comprise a three Member Committee not below the rank of GM. The following will be Committee members:

(a)	ED/CGM/GM (HR)	Member Secretary
(b)	ED/CGM/GM (Finance)	Member
(c)	One ED/CGM/GM from Technical/ other department to be nominated by CMD	Member

- (ii) However, it must be ensured that the Empowered Committee should not comprise of members (i.e., ED/CGM/GM) against whom or any employee of his department against whom Protective Disclosure/ complaint is made. For example, in case, the Protective Disclosure is with respect to the HR department, then ED/CGM/GM (Finance) shall be the member secretary of the Empowered Committee, with two other members from Technical/ other departments. If the Protective Disclosure/ complaint pertain to both HR/ Finance Department, then the Committee will comprise of all the three members from Technical/ other departments with Member Secretary being the senior most member. The Empowered Committee shall be constituted by the CMD upon receipt of communication from the Nodal Officer(s) following receipt of the Protective Disclosure/ complaint.
- (iii) The Empowered Committee will apply due diligence on Protective Disclosure/ complaint received from the Nodal Officer and conclude if it is of administrative or of disciplinary nature; whether it requires further investigation or decide appropriate course of action including closure of the complaint. The decision taken by the Empowered Committee on the Protective Disclosure/ complaint along with its justification shall be put up to CMD for approval. In case where gravity of the situation warrants involvement of Vigilance Department, Empowered Committee through CMD shall put-up such cases for approval of Audit Committee. On approval by Audit Committee, the Vigilance Department shall start investigation and the outcome of the investigation shall be submitted by Vigilance Department to the Audit Committee through CMD.

8 ROLE OF VIGILANCE DEPARTMENT

- (i) The Empowered Committee shall put up the cases requiring investigation after obtaining approval of Audit Committee. On receipt of Protective Disclosure/ complaint from Empowered Committee, the Vigilance Department will start its investigation process.
- (ii) When the Protective Disclosure/ complaint is forwarded to the Vigilance Department by Empowered Committee, the input provided would be in addition to the intelligence, information and investigation of cases of Fraud being investigated by the Vigilance Department on their own as part of their day-to-day functioning.
- (iii) The Vigilance Department shall apprise the Empowered Committee of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two. The outcome of the investigation procedure shall also be informed to Nodal Officer(s) by the Empowered Committee.
- (iv) On receipt of Protective Disclosure/ complaint from Empowered Committee, the Vigilance Department shall submit a Quarterly Report on action taken thereon to Audit Committee through CMD.
- (v) At every stage/ step, from receiving of Protective Disclosure /complaint to outcome of investigation, utmost effort shall be made to protect the identity of the complainant/ Whistle Blower.

9 SAFEGUARDS

- (i) The Company shall ensure that no person or employee who has made a Protective Disclosure / complaint is subjected to victimization by initiation or any proceedings or otherwise merely on the grounds that such person or the employee had made a disclosure or rendered assistance in inquiry under this policy.
- (ii) If any person or Whistle Blower is being victimized or likely to be victimized on the ground that he had filed a complaint or Protective Disclosure or rendered assistance in inquiry under this policy, he may file an application to the CMD seeking redress in the matter and such authority shall take such action, as deemed fit and may give suitable directions to protect the person or Whistle Blower being victimized or avoid his victimization.
- (iii) Every effort will be made to protect the identity of the complainant(s)/ Whistle Blower(s) and under no circumstances shall it be discussed with any unauthorized person. Utmost care should be taken by Nodal Officer(s) & Empowered Committee that the disclosures made by the complainant(s)/ Whistle Blower(s) is kept confidential and identity of the complainant(s)/ Whistle Blower(s) is not revealed. In case of information being disclosed necessary action, as deemed fit will be taken against the concerned Officer.
- (iv) Harassment or victimization of the complainant(s)/ Whistle Blower(s) will not be tolerated and could result in strict action against the concerned involved as per the CDA Rules.

10 RESPONSIBILITY FOR FRAUD PREVENTION

- (i) Every employee or persons having dealing with CSL 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 likely to take place they should immediately apprise the same to the Nodal Officer(s) as per the procedure.
- (ii) All controlling officers shall share the responsibility of prevention and detection of Fraud and for implementing the Whistle Blower and 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 the fraud prevention and detection;
 - (c) Create a culture whereby employees are encouraged to report any Fraud or suspected Fraud which comes to the knowledge without any fear of victimization; and
 - (d) Promote employee awareness on ethical principles subscribed to by the Company through CDA Rules & corporate governance.
- (iii) Due amendments shall be made in the General Conditions of Contract (GCC) of the Company wherein all bidders/ service providers/ vendors/ consultants etc. shall be required to certify that they would adhere to this policy and not Indulge or allow anybody else working in their organization 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.

11 DIRECT ACCESS TO AUDIT COMMITTEE CHAIRPERSON

The details of the Chairperson of the Audit Committee of CSL are available at the Company's website at https://cochinshipyard.in/Vigilance/audit_committee for direct access by the complainant(s)/ Whistle Blower(s) in appropriate or exceptional cases.

12 ADMINISTRATION & REVIEW OF THE POLICY

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