

Agro Tech Foods Limited

(ATFL)



FRAUD RESPONSE PLAN
(under the Vigil Mechanism)

ATFL – Fraud Response Plan

1. Owner

This document would be owned by the Legal Department at Agro Tech Foods Limited (ATFL). This policy was created on 17th July, 2014 and approved by Board on 17th October, 2014.

2. Preamble

- Management of Agro Tech Foods Limited (“ATFL” or “Company”) has implemented a vigil mechanism in the form of whistle-blower policy to report instances of misconduct or violation / potential violation of law / regulations or the Code of Conduct of the Company.
- In order to ensure that all the complaints received through the whistle-blower mechanism are acted upon appropriately, the Company has laid down this Fraud Response Plan (FRP).

3. Objective

- The objective of FRP is to lay down the guidelines for action to be taken on receipt of complaint through whistle-blowing mechanism

4. Reference to other policies

- This policy should be read in conjunction with following policies of the Company:
 - i. Code of Conduct;
 - ii. Whistleblower policy;
 - iii. Any other policies of ATFL, whether included in the above list or not.

5. Categorization of complaints

- Complaints received will be categorized as follows:

Sr. No.	Categories	Illustrations
1	Human Resource	Sexual harassment, violation of Company’s policy, code of conduct, etc.
2	Procurement	Irregularities in tendering, excessive / undue procurement, etc.
3	Finance	Manipulation of accounts, misreporting in MIS, etc.
4	Legal	Irregularities in statutory compliances, potential violation of laws, etc.
5	Information Technology / Intellectual Property	Override of access / IT controls, leakage of information, etc.
6	Fraud / Misconduct	Commission / kickbacks from vendors / dealers, bribery & corruption, etc.
7	Sales / Marketing	Fictitious commission claims, promoting competition products, etc.
8	Others / Unethical behavior	This is a residual category. If the whistle-blower is unable to

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Sr. No.	Categories	Illustrations
		select the best fit category for his / her complaint, he/she may select this category

- It may be noted that in case of complaints received on website, the category would be updated by the whistle-blower. However if the category appears to be incorrect, then the Ethics Committee may modify the same, after incorporating necessary remarks in the complaint.

6. Updation of priority status

- The Ethics Committee shall update the priority status of the complaint on the basis of following matrix:

Priority status	Category	Nature of complaint
1	Legal	<ul style="list-style-type: none"> Any complaints indicating non-compliance / violation of a law
	Human Resource	<ul style="list-style-type: none"> Sexual harassment Violation of Code of Conduct Violation of Company policies
	Finance	<ul style="list-style-type: none"> Manipulation of accounts Mis-reporting in MIS Any complaints which may have an impact on the financial statements of the Company
	Fraud / misconduct	<ul style="list-style-type: none"> Bribery & corruption (involving government officials)
	Any category of complaint	<ul style="list-style-type: none"> Complaint where estimated value of theft / fraud / defalcation is more than INR 5 lacs Complaint against a senior management employee (band B 17 and above)
2	Any other category of complaint	<ul style="list-style-type: none"> Any complaint other than above

- If considered necessary, Ethics Committee may change the priority of a complaint, based on prevailing circumstances

7. Action grid for investigation

- The below action grid provides guidelines for formation of investigation team, monitoring of investigations and disciplinary actions:

Priority status	Category	Nature of complaint	Proposed investigation team	Monitoring of investigation	Disciplinary action
1	Human Resource	Sexual harassment (SH)	Internal Complaints Committee – SH Committee	As per the Policy on Prevention of Sexual Harassment	As per the Policy on Prevention of Sexual Harassment
	Human Resource	Violation of Company policies / Code of Conduct	Ethics Committee or nominated sub-committee to execute the investigation. The Sub-Committee shall comprise of the following: <ul style="list-style-type: none"> Minimum one member from the Ethics Committee The Ethics committee shall nominate a sub-committee to execute the investigation (preferably include members from the Human resource, Finance and /or Legal department) OR outsource the investigation to an external agency and / or Internal Audit department of ATFL A minimum quorum of 3 members must be present for conducting the investigation	Ethics Committee to review the investigation on a weekly basis	Ethics Committee to decide
	Legal	Any complaints indicating non-compliance / violation of a law		Ethics Committee to review the investigation on a weekly basis	Ethics Committee
	Finance	<ul style="list-style-type: none"> Manipulation of accounts Mis-reporting in MIS Any complaints which may have an impact on the financial statements of the Company 		Ethics Committee to review the investigation on a weekly basis	Ethics Committee
	Fraud / misconduct	Bribery & corruption (involving government officials)		Ethics Committee to review the investigation on a weekly basis	Ethics Committee
	Any other category of complaint	Complaint where estimated value of theft / fraud / defalcation is more than INR 5 lacs Complaint against a senior management employee (band B17 and above)		Ethics Committee to review the investigation on a weekly basis	Ethics Committee

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Priority status	Category	Nature of complaint	Proposed investigation team	Monitoring of investigation	Disciplinary action
2	Any other category of complaint	Any complaint other than above	<ul style="list-style-type: none"> Nominate a sub-committee to lead and execute the investigation (preferably include members from Human Resource and Finance department) OR outsource the investigation to an external agency and / or Internal Audit department A minimum quorum of 3 members must be present for conducting the investigation 	Ethics Committee to review the investigation once in a fortnight	Ethics Committee

- Decision to outsource the investigation of a complaint will depend on following factors:
 - Need for digital or computer forensic procedures;
 - Need for gathering intelligence from external sources;
 - Need for any other procedures for which the required skill sets are not available internally;
 - Need for experienced investigators due to complexities involved;
 - If the result of internal investigation did not reveal much or indicate possibilities of larger issues.
- The composition of the investigation team may be changed during the course of investigation if considered necessary by Ethics Committee
- In case of complaint against an Ethics Committee member or a senior management employee, Ethics Committee (or its remaining members) shall take guidance from the Board of Directors for disciplinary actions to be taken.

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8. Procedure to be followed on receipt of complaint

The procedure to be followed on receipt of complaint has been described below:

8.1 Receipt of Complaints:

- For all complaints received, Ethics Committee / subcommittee to provide complaint reference number to whistle-blower and request him / her to contact after 72 hours for following:
 - i. To know the status of complaint;
 - ii. Update him / her on additional information requirement.
- Ethics Committee / subcommittee shall update the category and priority status of the complaint as per matrix defined in section 5 and section 6 respectively.
- Conflict of Interest -
 - i. It may be noted that if the complaint is against any member of the Ethics Committee, then he / she should not handle the complaint in any manner
 - ii. In such case, complaint will be handled by the remaining members of the Ethics Committee with a copy to the Board of Directors.

Status of complaint at this stage:

Preliminary review in progress

8.2 Preliminary review

- On receipt of complaint, the sub-committee shall carry out preliminary review of the complaint.
- Preliminary review will include the following:
 - i. Review the content of the complaint;
 - ii. Identify additional information requirements (if any);
 - iii. Identify further course of action.
- Preliminary review shall be completed within the timelines given below:

Priority	Timeline
1	Within 48 hours from receipt by Ethics Committee
2	Within 72 hours from receipt by Ethics Committee

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- On completion of preliminary review, the Ethics Committee/subcommittee shall take all or some of the following actions:
 - i. Identify any additional information required for the investigation;
 - ii. Identify the team to investigate the matter and forward the complaint details to the team (for guidance on formation of investigation team refer **section 7**).
- If based on preliminary review, it appears to the Ethics Committee / subcommittee that the complaint is frivolous or bogus or for a matter not to be pursued under whistle-blower policy or does not require any further action, the same shall be documented and complaint shall be closed.

Status of complaint at this stage could be either of the following:

Preliminary review completed – no further action to be taken

Preliminary review completed – investigation in progress

Preliminary review completed – additional information required

8.3 Investigation

- Investigation team shall initiate their work (for guidance on investigation refer **appendix 1**).
- Ethics committee shall carry out periodic review of investigation as defined in “action grid for investigation” in **section 7**.

If during the course of investigation, additional information is required, the same shall be requested through the person who receives the complaint.

- Based on result of investigation, the Ethics Committee / subcommittee shall decide on further course of action.

Status of complaint at this stage could be either of the following:

Preliminary review completed – investigation in progress

Investigation in progress – additional information required

Investigation completed

Case closed

8.4 Following point may be noted:

Quorum of Ethics Committee

- All members of the subcommittee shall be present for preliminary review;
- The investigation should be monitored by the Ethics Committee. If it is not possible to meet physically, then the meeting may be convened over a voice or video call;

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Additional information requirement

- The Ethics Committee / sub-committee will update the additional information requirement on the website.
- Further, if the whistle-blower has provided contact details, then sub-committee will update with him / her with additional information requirement and follow up with him for a period of four weeks, once every week.
- If the whistle-blower has not provided contact details then wait for him / her to contact after 72 hours.
- Whistle-blower to be provided a period of four weeks to respond.
- If the Whistle-blower provides additional information then the same will be forwarded to the investigation team.
- If Whistle-blower does not respond for four weeks or is unable to provide the additional information, then Ethics Committee and investigation team will decide on the further course of action. If required, consider closure of case.

9. Disciplinary action

- Based on the result of investigation, Ethics Committee may consider initiating disciplinary action.
- It may include termination of contract of an employee or any other contract with the complaint or filing police complaint
- It may be noted that in some cases, legal action may have to be initiated immediately after receipt of complaint e.g. theft of assets.
- Depending on the sensitivities involved and evidence available, Ethics Committee to decide on the course of action.
- Depending on the nature of complaint, disciplinary action may also be necessary for fictitious or bogus complaints.

10. Preventive measures

- Based on the outcome of procedures carried out, Ethics Committee should consider implementation of measures to prevent recurrence of such incidents. It could include the following:
 - i. Fraud risk assessments may be carried out for select areas / processes;
 - ii. Implementing additional controls measures;

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- iii. Periodic review and monitoring.

11. Regulatory reporting

- On completion of investigation, the Ethics Committee shall consider reporting of incident under any statute or to any regulatory authority or to external auditors (e.g. under Companies Act)
- For this purpose, they may take assistance from external legal counsel
- For complaints in nature of sexual harassment, Ethics Committee may refer to the Policy on Prevention of Sexual Harassment

12. Maintenance of records

- Ethics Committee / sub-committee should ensure that appropriate records are maintained for all complaints received through whistle-blower channels.
- A Complaint log of all the complaints with the action taken should be maintained by the Legal department to ensure complaints are treated consistently.
- Following points should be considered in this regard:
 - i. All records should be kept under lock and key.
 - ii. Originals of all documents should be retained.
 - iii. Appropriate backup should be maintained.
 - iv. All documents and data secured during the course of investigation, should be handled and preserved with an assumption that it will be presented as evidence in court of law.
 - v. Data from computers / laptops / mobile / other storage devices should be secured only by certified forensic professionals, in a manner that it is admissible in court of law.
- All records should be preserved for a period of 8 years.

13. Ethics Committee – roles and responsibilities

- The Ethics Committee shall consist of following members:
 - i. Head of Human Resource (as Chairperson)
 - ii. Head of Finance - CFO
 - iii. Company Secretary
- Ethics Committee shall meet once every quarter to review the status of all complaints:
 - i. These will generally be face-to-face meetings, however if the same is not possible, they shall convene over a voice or video call;

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- ii. All members of Ethics Committee should be present for these meetings;
 - iii. Key points to be discussed in these meetings will be as follows:
 - Review of complaints received and actions taken.
 - Review of ongoing investigations.
 - Decision on disciplinary actions to be taken.
 - Preventive reviews to be carried out or preventive measures to be implemented.
 - Regulatory reporting of complaints.
 - Reporting to Audit Committee/ **BOD** on a quarterly basis
- As per the Whistleblower Protection Act, 2011, the Ethics Committee shall ensure protection of whistle-blower and also ensure that utmost confidentiality of the issue is maintained.
 - In addition to monthly meetings, Ethics Committee may meet from time to time to carry out discussions regarding specific complaints received.

14. Amendments to this document

- This document may be modified at any point of time.
- Among other reasons, modification may be necessary to ensure compliance with local, state, central and international laws or to accommodate organizational changes within the Company.

Authority to make changes to this document lies with the Ethics Committee with an approval of Board of Directors.

15. Appendices

Appendix 1 - Guidance on investigation

Planning and strategy

- Investigation to be conducted as per the Principles of Natural Justice
- Properly plan and strategize the procedures of investigation. A disorganised investigation may vitiate its objective
- Clearly establish internal and external communication protocols
- Ensure compliance with regulatory requirements during the course of investigation

Procedures

- Investigative procedures may include the following:
 - Interviewing of internal and external witnesses
 - Reviewing and collating documentary (including electronic) evidence
 - Forensic computer imaging (should be done by certified professionals only)
 - Examination of telephone records
 - Search and seizure
 - Desktop and database searches
 - Background checks of employees and vendors
- Consider seeking legal and expert opinion wherever required
- Do not start / boot / take back up of laptop / computer of suspect employee after it is seized or taken for imaging
- Suspect employee or third party should not be confronted without appropriate evidence
- Rights of an individual should be respected at all times
 - Equal opportunity of being heard should be given
 - Ensure that a female employee is present, in case of interview or interaction with another female (either suspect or otherwise) during the course of investigation

Other considerations

- Maintain highest level of confidentiality
- All documents / records to be handled in a manner as if they will be presented in court of law
- Investigating team shall have access to enter any offices, any information requested and shall have access to all staff (with reasonable notice)
- Maintain a record of all events – meetings, site visits, telephone calls, etc.
- Discourage the use of email to communicate sensitive information
- Where email is used for communication, consider entering subject names that have no direct link to the investigation. Also, the use of rights management on Microsoft Outlook is encouraged.

Consider usage of appropriate headers in communication “Strictly Confidential” or “Privileged and Confidential”