



# Corruption Risk Mitigation Policy Of COAL INDIA LIMITED



## FOREWORD

The Coal India Ltd as a company faces several risks in its functioning, out of which the corruption is a major one. Corruption corrodes moral fiber of any company, undermines independent decision making and poses serious challenge to integrity of different processes undertaken by it. Corruption risk is a real problem which can't be brushed under the carpet. The danger posed by corruption risk in sustainable performance of company and maintaining its brand image must be met squarely.

The present policy of corruption risk mitigation is an effort to meet the risk posed by bribery and corrupt activities. The policy enunciates clearly the Integrity & Anti- corruption policy, Approach to tackle corruption and Strategy to mitigate corruption risk. The Integrity and anti-corruption policy spells out the company's policy relating to maintenance of integrity in different areas of its activities and policy towards eradicating corruption in all its forms. It clearly declares the company's resolve towards zero tolerance to bribery and corruption as an organization. The second section on approach to tackle corruption lays down general approach to meet the risk presented by corruption and bribery. Before working out specific action points, it is necessary to identify the root causes and general direction of the anti-corruption plan. Finally, the last section deals with the strategy to mitigate the risk. It unfolds details of action plan to meet this risk comprehensively.

The policy clearly aims at ushering in an ambience of purity and ethical functioning of the organization. The company is committed to root out corruption in all its facets from all walks of its activities and there shall be no compromise what-so-ever on the issue of integrity. The policy will act as a guide to all executives of the company and re-inforce their commitment towards non-acceptance of any forms of bribery and corruption. Integrity is an article of faith for us and this will remain as guiding force in our functioning in future.



(Sutirtha Bhattacharya)  
Chairman-cum-Managing Director  
Coal India Limited

## **Corruption Risk Mitigation Policy**

### **Coal India Ltd.**

CIL faces corruption risks of various kinds which need to be addressed through a clear mitigation policy. This policy lays down the approach and strategy to tackle the menace of corruption in all its forms comprehensively. The CIL pledges to root out corruption wherever it exists in the organization through a planned effort.

#### **A. Integrity and Anti-Corruption Policy:**

1. The company has policy of zero tolerance towards any act of bribery, corruption and lack of integrity. Strict action shall be taken if any employee & their associate, vendor, customer or any other stake holder is found to be indulging in such activity. All forms of bribery and corruption are absolutely prohibited.
2. It is company's policy to conduct all the business transactions with utmost honesty, integrity and highest possible ethical standards. Company is committed to acting professionally, fairly and objectively in all business transactions and dealings wherever company operates and to implementing and enforcing effective systems of anti-corruption and anti-bribery measures for prevention, deterrence and detection of fraud, bribery and all other corrupt practices.
3. Corrupt practice will be construed to include misuse of public office or authority for private gain, violation of anti-bribery and anti-corruption laws of the country particularly Prevention of Corruption act, Prevention of Money Laundering Act, The Benami Transactions (Prohibition) Act, 1988, Lokpal and Lokayukta Act and relevant provisions of Indian Penal Code, violation of integrity pact, violation of Coal India Executives' Conduct, Discipline and Appeal Rules and standing order by non executives, actions attracting vigilance angle as prescribed by CVC and willful violation of company's rules, guidelines, manuals etc.

Bribe comprises of offering, giving, receiving, or soliciting of something of value for the purpose of influencing one's own action or that of an official or authority to act, while discharging public duty, inappropriately, partially, illegally, unethically or not in good faith for obtaining or retaining any commercial, contractual, regulatory or personal advantage.

4. If any corrupt practice comes to notice of any employee, he will forthwith inform his superior authorities without any fear of reprisal or victimization. There is similar expectation of the company from other stake holders. "Turning a blind eye" to, or ignoring any suspicious actions on the part of Company Employees or Associated Persons or any stake holder is not a defense to shirking of responsibility and liable for disciplinary action.

5. Extract of existing provisions of Coal India Executives' Conduct, Discipline and Appeal Rules is placed at **Annexure I** for ready reference which have relevance to the issue of integrity.
6. No employee or associate or any stake holder shall secure or accept any payment, promise, offer or authorization of a payment or anything of value for self or any other individual in order to provide business to any Company or to secure an improper advantage or improper performance of a function or activity from that company, its employees or representatives or any third party.
7. No employee or associate is allowed to demand or accept money, gifts, entertainment, hospitality or other favours directly or through another person or organization from or on behalf of any current or prospective supplier, customer, service provider or business associate in return for business favours granted or possible to be granted. No employee shall act in a manner that would place any vendor or customer in a position where it may feel obligated to make a gift, provide entertainment, or provide personal favors in order to do business or continue to do business. There are certain cases where gifts and hospitality are never acceptable, namely:
  - i. gifts of cash or equivalents (e.g. gift certificates, loans, shares or share options);
  - ii. gifts and hospitality that are indecent, inappropriate or would damage company's integrity or reputation;
  - iii. gifts and hospitality that breach any law or regulation;
  - iv. gifts and hospitality that the recipient or provider is not permitted to receive or offer by their employer/principal.
  - v. gift given secretly
  - vi. Gifts, entertainment and travel being lavish, extravagant or out of line with prevailing norms.

However, modest gifts and hospitality within limits prescribed under Rules may be offered or accepted provided there is no expectation or belief that something will be given in return.

8. Red flags for bribery and rules of due diligence

All employees shall conduct appropriate, risk-based anti-corruption and reputational due diligence and background checks on prospective business partners and their employees or representatives or any third party who may interact in connection with business dealing with CIL prior to entering into a relationship with them particularly high risk firms. Due diligence should include (i) Evaluating the background, experience, and reputation (ii) Understanding the services to be provided, methods of compensation and payment (iii) Evaluating the business rationale for engaging the business partner (iv) Taking reasonable steps to monitor the transactions of business partners appropriately. (v) Ensuring there is a written agreement in place which acknowledges the business partner's understanding and compliance with this policy.

The red flags for bribery and rules of due diligence is listed at **Annexure II**.

9. All employees will help ensure that entries into the Company's books and records are accurate, and that all internal controls and procedures of the company are maintained and followed when making payments from or receiving payment to the Company. It shall be ensured that all receipts and expenditures are properly recorded and accounted for. No false entries or material omissions should ever be made in the Company's books, records, memoranda and accounts regarding payments or transactions. The payment & receipt procedures, management authorizations & financial controls must be followed, and any gaps that may be discovered in the internal controls must be reported to superior authorities. False, misleading, incomplete, inaccurate, or artificial entries in the books, records, or accounts of the Company are prohibited. No accounts must be kept "off-book" to facilitate or conceal improper payments or receipts.

All employees shall comply with, and enforce, all the Company's requirements for maintenance of account of expenses and payment requests, particularly those payments related to the Company's procurements, sales, marketing, and business development efforts, consistent with prescribed guidelines.

10. All employees will ensure that there is no conflict of interest while handling any matter of the company. If any such conflict exists, it must be disclosed to his controlling officer without any delay.
11. No employee shall favour or disfavour any individual or entity or treat unfairly and shall endeavor to secure level playing field for all stake holders including vendors, suppliers, service providers or consumers in transactions with the company. They will observe utmost objectivity and impartiality in dealing with any stake holder. The company and employees shall always strive to be fair, objective and just to all its stake holders including vendors, suppliers, service providers and customers.
12. No employee shall misuse his position for personal gains or gain for any relative, acquaintances or superior authorities.
13. No employee shall allow company's resources to be misused including gifts, hospitality or unjustified payments to be made from companies account to any person including to political leaders for soliciting favours or allowing unjustified use.
14. No employee shall offer any financial enticement from own resources, resources of company or resources of any stake holders to secure any favour for self or any other person/entity or unfair professional gain.
15. No employee will willfully cause any loss or injury to the company financially or cause damage to its reputation.
16. For all employees, the interest of the company shall be paramount and at no stage will it ever be compromised. Any action against the interest of the company will tantamount to an unbecoming act.
17. No facilitation payments made to expedite routine governmental approvals either directly or through a third party.

18. No employee shall take any decision contrary to own conscience or understanding under any external influence particularly those detrimental to the interest of the company.
19. The company shall strictly adhere to norms of corporate governance, insider trading and other provisions of New Companies Act, Competition Act, 10th & other Principle of the UN Global Compact, environmental laws and all other applicable laws, conventions and commitments.
20. No charitable contribution should be made conferring a personal benefit on a Government Official, political personality or related party, and that the contribution should not in exchange for a purchasing or other decision affecting Company interests.
21. Company Employees and Associated Persons should not make payments, whether in cash or in kind, to political persons or political parties for the purpose of obtaining, retaining or directing business to the Company or any other entity or any personal gain. In-kind contributions will include participation in political campaigns during paid working hours and the use of administrative support, company facilities, equipment and supplies.
22. If a current or prospective business partner, customer, Government Official, Non-governmental/charitable organization, political candidate or party official promises or offers any benefit, or makes any threat, in connection with a charitable or political contribution request, the request should be denied and employee should report the incident to his supervisor.
23. Offers of employment or internship should not be given in exchange for or to reward any benefit received by the Company and Company Employees should not offer employment in order to seek any advantage in any business negotiation or any personal gain. If anyone offers to give a benefit to the Company or personal gain in exchange for the Company's hiring of a suggested person or if they threaten to take adverse action if the suggested person is not hired, the suggested person shall not be hired. In such cases, employee should report the incident to his supervisor.
24. Procurement
  - (a) The entire process or procurement shall have complete transparency and fair play. Level playing field shall be ensured for all prospective bidders, suppliers and service providers.
  - (b) No bidder shall have access to insider information or unfair advantage because of any personal acquaintance with any employee involved in the procurement process.
  - (c) No party shall have the unfair advantage of separate, prior or closed-door negotiations for the contract.
  - (d) Goods/works/services of specified quality/specification shall be procured in a most economical manner with clear supply timeline.

- (e) The tender conditions including pre-qualification criteria, technical specification, evaluation criteria, experience criteria and commercial conditions shall be transparently disclosed and shall not be manipulated to favour or disfavour any or a group of vendors unfairly.
- (f) The company will actively discourage involvement of any middlemen/agent/liasoning agent/lobbyist in procurements done by it. Wherever it is possible to secure supplies and ensure after-sales-services etc., on reasonable terms without the intercession of agents, there is no need for engaging any such agent.
- (g) The company will formulate a transparent policy for engagement of middlemen/liasoning agent/dealer/stockiest. If any such person/entity is engaged, the agency agreement will be submitted while submission of bids disclosing all important details like terms of engagement, nature of service to be provided, payment to be made etc.
- (h) No Agent/Middleman/ Liasoning Agent or any entity other than the one disclosed while bidding will be involved in the process of procurement of goods, works and services or any commission will be paid to such entities. If any employee of CIL comes to know of any middleman being engaged by any bidder who has not been officially disclosed, it shall be his duty to bring it to notice of the head of his Department and CVO, CIL or subsidiary company immediately.

25. Whistle Blower Policy

The Company will receive complaints from whistle Blowers as per policy enunciated vide CIL/C-5A(PC)/WBP/57 dated 08.09.2011. Every effort will be made to attend to all bonafide complaints within one month of receipt. The identity of complainant will be kept concealed to ensure that he doesn't face any reprisal from persons/groups having the vested interests. However, if it is brought to notice that the complainant has faced any revengeful action on account of their complaint, they will be provided official and other protection. Actions will be taken against any employee who threatens or takes any revengeful action directly or indirectly against a person making bonafide complaint to protect the interest of the company or fellow employees or who refuses to indulge in any corrupt practice or facilitate others doing so. On the contrary, filing of any frivolous or motivated or false complaint by any employee against another will be treated as an act of indiscipline and unbecoming of a public servant.

**B. Approach to tackle corruption:**

a. Reduction in discretions in decision making

Discretions in decision making can be minimized by laying down transparent rules, guidelines, procedures for different processes. For this purpose, the discretions available in all major areas like human Resource Management, Sales & Marketing, procurement etc will be examined in-depth and non-discretionary rules, guidelines and practices will be put in place gradually as part of continuous system improvement.

b. Making decisions & processes system driven

The processes and decisions in the organization will be made system driven and rule based so that the human influence is reduced. Conscious effort will be made to reduce the requirement of human interface while dealing with stake holders like customers, vendors, service providers, suppliers etc so that opportunity for corruption reduces.

c. Leveraging technology

Increased use of Information Technology can help in making the processes more transparent as well as efficient. Examples could be establishment of ERP System, electronic surveillance of mines through GPS/GPRS based Vehicle Tracking System, Installation of CCTV at vulnerable points, use of RFID for identification of vehicles, weigh bridge integration for weight tracking etc. Effort will be made to make activities online and web based.

The company will take steps to re-engineering their business processes by leveraging information technology in order to achieve efficiency, economy and transparency. While doing so, CIL will identify the probable risks like fraud, corruption, other malpractices and build in the required risk management tools in the new processes. E-procurement and strategic e-Reverse Auction with well-defined procedure should be norm for all procurements above a threshold value. All financial transactions relating to payment & receipt should be made through electronic mode. Steps should be taken to maintain all strategic information of the PSUs in secured electronic form. Progressively steps may also be taken for creation of knowledge management portal as well as digitization, archival and retrieval of records. Adoption of e-office kind of IT solutions to maintain and process matters in the organization and sharing online will be a desirable objective. Paper based communication and reporting systems should be progressively replaced by electronic based systems. Extensive use of website can be made both as a tool for communication with the stake holders as well as for curbing corruption. Greater effort may be required to process various applications & bills online so that real time information regarding status is made available and misuse of discretion used in the process is identified through exception reporting.

d. Proactive disclosures of vital information

The information related to operations and activities of the company including financial & physical performance will be proactively disclosed to achieve greater transparency. CIL web portal and future mobile apps will be used for dissemination of information in public domain.

e. Effective Grievance redressal mechanism

Effective grievance redressal mechanism for employees as well as other stake holders will be set up through an online system so that there is seamless flow of complaint to relevant unit for



redressal. The action taken on grievances will be reviewed by Grievance Redressal Committees at CIL, subsidiary Hq and area level.

f. Ease of doing business

Continues effort will be made to simplify the various rules and procedures and make regular improvements in the same. Conscious effort will be made to improve ease of doing business with CIL through various simplifications and improvements.

g. Institutionalization of best practices

Study of good practices in mining sector in India and abroad can help improve efficiency and productivity in the company. Similarly, best practices of anti-corruption measures and improvement of ethical standards can be helpful in taking similar measures in CIL.

h. Transparency in public procurement encouraging competition

In procurements of all kinds, goods, works & services highest norms of transparency will be maintained. The electronic e-procurement and reverse auction together with auto refund of EMD, online clarification etc will help in achieving transparency. Standardisation of NITs will further help in improving certainty. The price of goods and services produced by organizations should be discovered /decided through a well-defined transparent mechanism and arbitrariness should be avoided at all costs.

i. Standardization and benchmarking as well as quality control of goods & services

Standardization of quality parameters of coal and quality control is very critical to assuring quality. Similarly, the quality should be benchmarked against international standards.

j. Strong evaluation system

It is necessary that there is a very strong user feedback system so that the stakeholders and own employees are able to provide regular information regarding shortcomings in different activities of the company so that steps are taken to address the issues.

k. Evolution of organizational ethics & value system and adherence mechanism

As the organization ethics is necessarily value driven, it is necessary to identify the values the organization stands for. The company has to develop high ethical standards for conduct of the activities of the organization. Simultaneously, clear mechanism to ensure compliance is required to be developed.

I. Regular system improvement studies and initiate measures for improvement

All areas of activities of the organization particularly those prone to corruption needs to be studies continuously and improvement measures taken so that all existing loopholes are plugged and opportunity for corruption is eliminated.

C. Corruption Risk Mitigation Strategy

1. Corruption Risk Analysis

The company shall on continuous basis undertake Corruption Risk Analysis, identify all policy and controls in place to mitigate these risks, identify gaps or deficiencies in the existing policy and controls and put in place additional control measures to bridge the gap.

2. Areas vulnerable to corruption

Through various discussions including those with vendors/suppliers/service providers/customers and studies as well as analysis of Vigilance and CBI cases, major areas vulnerable to corruption risk have been identified as follows:

- i. Recruitment
- ii. Transfer and posting
- iii. Procurement of all kinds including heavy equipment,
- iv. Award of various contracts including transportation contracts, removal of over burden & extraction of coal
- v. Coal stock shortage, measurement of coal & OB,
- vi. Quality of coal,
- vii. Washeries and leasing of land, use of washery rejects
- viii. Labour / DGR / ESM Contracts
- ix. Payment of Bills of contractors.
- x. Pilferage and theft of coal
- xi. Coal diversion/black marketing by coal consumers
- xii. Joint ventures and partnerships with other PSUs

These can be updated and revised based on further information and analysis from time to time.

4. Action for risk Management

The Corruption risk will be managed through following categories of actions:

- a. Punitive actions
- b. Surveillance Detection
- c. Preventive actions

Apart from actions mandated by CVC, additional measures will be taken to ensure a corruption free environment in the company.

5. Annual Action Plan of Anti-Corruption Measures:

An annual Action Plan will be drawn in the format of Ministry of Coal to lay down the measures proposed to be taken in the entire gamut of Vigilance activities consisting of preventive, punitive and surveillance & detection aspect of Vigilance. It will be monitored through a quarterly action taken report to be submitted to the Ministry. Performance Metric will be drawn to clearly spell out annual achievable goals.

6. Punitive Actions:

Action on misconduct

If any misconduct as defined in company rules comes to notice of the management, expeditious action in commensurate with gravity of misconduct will be ensured. If any authority is seen to protect any employee who has indulged in any misconduct, it will be considered reflection on his own conduct. Soft approach towards proven misconduct sends wrong signals among the employees and has detrimental effect in ensuring corruption free environment in the company. If any employee gets charge sheeted in a CBI case, the prime facie charges may be construed to be of grave nature and should generally attract harshest penalty.

Action on criminal offence

If any employee or any stake holder of the company eg vendors, consumers, suppliers etc is found to be indulging in any criminal offence including those indicated in prevention of corruption Act, the matter will be reported to investigating agency like CBI or state police, as the case may be, at the earliest. Simultaneous Departmental action may be initiated against the employee which should be concluded without waiting for the outcome of criminal trial. Administrative action against other stake holders will be taken as per the company's guidelines. All financial loss to the company will be recovered from the persons/entities causing the loss.

7. Surveillance Detection

Development of source for information

The Vigilance Division will endeavor to develop sources for getting information regarding any corrupt activities in any Department. The sources providing quality information may be financially rewarded and for this purpose, suitable budget provisions will be kept.

8. Preventive Action

All preventive actions as per the existing guidelines including watch on employees in ODI & Agreed list, identification of sensitive posts & rotation thereon, examination of annual property returns, surprise, periodic and CTE type inspections etc will be undertaken regularly.

#### Action Plan of preventive measures

An action plan will be drawn to take preventive measures to improve the system and put control mechanism in place to reduce the opportunity for corruption. The areas prone to corruption will be identified based on analysis of CBI cases, Vigilance cases, focus group discussion and past experience etc. For all these areas, time bound action plan will be drawn and implemented. The implementation of the plan will be monitored in quarterly meetings of CVOs.

#### Rotation of employees

The officials in the ODI and Agreed list will not be assigned any sensitive assignment and they will be transferred to a non-sensitive assignment if they are holding any such post. There will be rotation of executives holding sensitive assignments periodically as per CVC/company guidelines. The employees who are due for rotation will be identified in the beginning of the calendar year and it should be ensured that they are rotated in the first half of the year.

The CIL and subsidiaries will also have a transparent policy for general rotation for employees who stay more than certain no. of years in a post/location for preventing development of vested interests. It should be ensured that rotation is done as per the policy annually.

#### System Improvement Studies

System Improvement studies will be undertaken in areas identified having vulnerabilities in order to identify measures required to be taken to plug any loop holes and opportunity of misuse/corruption. The measures will be shared with management and earnest steps will be taken to put them into practice. System improvements are key to achieving preventive vigilance objectives. Leveraging technology with proper safeguards, transparency & fairness in decision making, limiting discretions, reduction in requirement for personal interface, simplification of business processes, institutionalization of good practices and improvement of control mechanisms are some of the measures which will go a long way to achieve objective of corruption free administration.

Improvement in vigilance administration can be possible only when systems improvements are made to prevent the possibilities of corruption. Accordingly, CVC has issued instructions to implement the following:

- i. Proactive disclosures through provision of complete information on their websites regarding the laws, rules and procedures governing the issue of licenses, permissions, clearances, etc.
- ii. All application forms/proformas should be made available on the websites in a downloadable form.
- iii. Immediately after the receipt of the application, the applicant is informed about the deficiencies, if any. Repeated queries in a piece-meal manner should be viewed as a misconduct having vigilance angle.

- iv. The status of individual applications/matters should be made available on the organisation's website and should be updated from time-to-time.
- v. All organisations should examine the feasibility of online receipt of applications and implement the same.
- vi. Publish on the web-site details of award of tenders/contracts above a threshold value.

9. List of undesirable contact-men

A list of undesirable contact-men will be maintained by all CVOs, and heads of procurement Departments after taking inputs from different sources to keep a watch on activities of such persons/entities. Every effort will be made to ensure that they do not influence the procurement decisions. No employee shall maintain any contact with them other than that needed for discharge of official duty. Similarly, arm length distance will be maintained with retired employees of company who get associated with any vendor/supplier/service provider after retirement in order to ensure that they are not able to interfere in the decisions of company.

10. Integrity pact

Integrity pact will be executed by all bidders for all tenders above the threshold value decided by CIL or subsidiary concerned. Any violation of Integrity Pact will entail action as prescribed therein. IEMs will be appointed to oversee any violation of the pact. The company as BUYER has committed the following under the pact:

1. The BUYER undertakes that no official of the BUYER, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the BIDDER, either for themselves or for any person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the contract.
2. The BUYER will, during the pre-contract stage, treat all BIDDERS alike, and will provide to all BIDDERS the same information and will not provide any such information to any particular BIDDER which could afford an advantage to that particular BIDDER in comparison to other BIDDERS.
3. All the officials of the BUYER will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.
4. In case any such preceding misconduct on the part of such official(s) is reported by the BIDDER to the BUYER with full and verifiable facts and the same is prima facie found to be correct by the BUYER, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the BUYER and such a person shall be

debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the BUYER the proceedings under the contract would not be stalled.

11. Identification of Good practices and Implementation

The Good practices developed by other subsidiaries or any other organisations will be adopted for improving the system and practices. Good practices available nationally or internationally will be examined and adopted for improvement of processes.

12. Notification

Annual report will be published indicating measures taken during the year for combating corruption. All cases of established corrupt practice, bribery and violation of this policy will be brought in the public domain along with action taken report.

13. Periodical Review

CVOs will hold quarterly structured meeting with CMD to review the anti-corruption measures taken in the organization and effect thereof. Additional measures required to taken may also be discussed and steps may be taken to implement the same.

14. External Review

Review of the anti-corruption policy and measures initiated by the organization by done periodically by external agencies. Suggestions for improvement will be analysed and adopted.

15. Adherence to International Obligations

CIL is signatory to global compact. The adherence to various principles particularly 10<sup>th</sup> principle on anti-bribery will be reviewed periodically and reported upon.

16. Action against violation

Violation of any of the provisions laid down in this policy will attract action under CDA Rules and any other administrative action as decided by the Management. The violations by Board level management may be brought to notice of the Ministry.

This has approval of Chairman, Coal India Ltd.



(Manoj Kumar)

Chief Vigilance Officer

No. CIL/VIG/2015/MK-3/Conf(II)/736 dt. 23/06/2016

Distribution: All concerned

## Annexure I

### Extract of Coal India Executives Conduct, Discipline and Appeal Rules

- I. Every employee is required to maintain absolute integrity at all times. (Rule 4.1)
- II. The following Acts have been declared misconduct:
  - (a) Theft, fraud or dishonesty in connection with the business or property of the Company or property of another person within the premises of the Company [Rule 5(1)]
  - (b) Act of taking or giving bribes or any illegal gratification [ Rule 5(2).]
  - (c) Act of possession of pecuniary resources or property disproportionate to the known sources of income by the employee or on his behalf by another person, which the employee cannot satisfactorily account for [Rule 5(3)].
  - (d) Acting in a manner prejudicial to the interests or image of the Company [Rule 5(5)].
  - (e) Commission of any act which amounts to a criminal offence involving moral turpitude [Rule 5(17)].
  - (f) Any breach of any of the provisions of these rules or any other statutes or rules [Rule 5(26)].
- III. In respect of employment, the following propriety will be maintained:
  - (a) No employee shall use his position or influence directly or indirectly to secure employment under the 'Company' for any person related, whether by blood or marriage to the employee or to the employee's wife or husband, whether such a person is dependent on the employee or not. (Rule 6.1)
  - (b) No employee shall, except with the previous sanction of the Competent Authority, permit his son, daughter or any member of the family to accept employment with any company or firm with which he has official dealings. (Rule 6.2)
  - (c) No employee shall in the discharge of his official duties deal with any matter or give or sanction any contract to any company or firm or any other person if any member of his family is employed in that firm or under that person or if he or any member of his family is interested in such matter or contract in any other matter and the employee shall refer every such matter or contract to his official superior and the matter or the contract shall thereafter be disposed of according to the instructions of the authority to whom the reference is made (Rule 6.3)
  - (d) No functional Directors of the company and the Chief Executives who have retired/ resigned from the services of the company, after such retirement/ resignation shall accept any appointment or post whether advisory or administrative, in any firm or company or sister

concern or group company, whether Indian or foreign, with which the Company has or had business relations, within one year from the date of his retirement/resignation without prior approval of the Government or the Appointing Authority as the case may be. (Rule 16.5)

- IV. Acceptance of Gift- Save as otherwise provided in the CDA Rules, no employee of the Company shall accept or permit any member of his family or any other person acting on his behalf, to accept any gift, from any individual or firm having official dealings with him. (Rule 14.1)



## Annexure II

### "RED FLAGS" FOR CORRUPTION/ BRIBERY & RULES FOR DUE DILIGENCE

While every transaction and/or counterparty should be evaluated on its specific facts, there are several "red flags" in relation to third parties (i.e. potential or current counterparties or potential or current Associated Person) that may signify a heightened risk of corruption or bribery. Some of those "red flags" include the following:

- (i) The third party has a reputation for accepting or demanding bribes, and/or has requested to make or receive a bribe.
- (ii) The third party has been subject of previous enforcement action(s) for corruption-related offenses.
- (iii) The third party's report of its business structure is unusual, incomplete, or overly complex with a lack of transparency.
- (iv) The third party provides incomplete, false or misleading business contact information.
- (v) The third party requests unusual payments or financial arrangements (e.g. requests to accept payments in cash or through a third party; requests the Company to complete unnecessary, inaccurate or unexplained invoices; travel agent requests payments in addition to ordinary commission or remuneration offered to other similar type agents in the same country), or has a pattern of over-invoicing or incorrect invoicing, or overpayments and requests for refunds.
- (vi) The third party requests a split of purchases to avoid procurement thresholds.
- (vii) The third party proposes unnecessary change orders to increase contract values after award of the contract.
- (viii) The third party is vague or elusive about source of funds for the transaction or activity.
- (ix) The third party has large sums of cash or currency available for the transaction or business activity with no corresponding business that generates the high revenue stream.
- (x) The third party seeks to make or receive payment from or to a foreign country account other than the location of the party's business or the service performed, unless the third party has legitimate reasons for requesting for such arrangement.
- (xi) An unnecessary or undisclosed middleman or local is involved in the contract or negotiations, and his addition has no obvious value to the performance of the contract.
- (xii) The third party boasts about relationships with local government officials, such as immigration or customs officials, government officials.
- (xiii) The third party engages questionable subcontractors or local agents.

- (xiv) In a bid process, the request for proposals include very narrow contract specifications that seem to favor a specific bidder and exclude others.
- (xv) The third party requests that the Company not report or disclose a particular activity or transaction.
- (xvi) The third party threatens to withhold services absent payments to individuals in addition to contractually agreed payments or payments in cash or cash equivalents.
- (xvii) A Government Official insists on a specific person or company to serve as third party.
- (xviii) The third party refuses to agree to the contractual provisions set out in Integrity Pact.
- (xix) The third party's business is not listed in standard industry directories, or is unknown to people knowledgeable about the industry.
- (xx) During negotiations, the third party seems indifferent to the price for the Company products or services, or otherwise fails to act in a profit seeking manner.
- (xxi) The third party insists that its identity remain confidential or refuses to divulge the identity of its owners or principals.
- (xxii) The third party does not have offices or a staff, or frequently moves locations.



## अपने विभिन्न कार्यों से कोल इण्डिया प्रज्वलित कर रहा है भारत के आर्थिक विकास के सफर को

हम लोगों के जीवन, उनके स्तर को निरंतर बेहतर बनाने में लगे हुए हैं। ज्ञान, अच्छी सेहत, अच्छे घर और कई अन्य खुशियाँ एवं सुविधाएँ प्रदान करते हुए, हम लोगों के जीवन को बेहतर बनाने में सदैव प्रयासरत हैं। हम अपने सच्चे एवं निःस्वार्थ प्रयासों से देश के कई शहरों और गाँवों के लाखों लोगों के जीवन में सुधार ला रहे हैं। जहाँ तक एक सामाजिक ज़िम्मेदार निकाय के रूप में हमारी भूमिका की बात है, तो विश्व के सबसे बड़े कोयला उत्पादक के रूप में हमने सम्पूर्ण प्रतिबद्धता के साथ अपने दायित्व को उम्मीद से बढ़कर निभाया है।



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हमारा विश्वास है कि, राहें लम्बी एवं दुर्गम हो सकती हैं, पर अंत में उम्मीदें रौशन होंगी