

VIGIL MECHANISM POLICY



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

Regd. Office: PSEB H.O., The Mall, Patiala-147001

1. PREFACE:

1.0 Punjab State Transmission Corporation Limited (PSTCL) (hereinafter called the Corporation), a wholly owned Government of Punjab undertaking, is an intra-state power transmission utility in the State of Punjab. The Corporation discharges the functions of State Transmission Utility (STU) and also operates the State Load Dispatch Centre (SLDC).

1.1 Section 177 (9) of the Companies Act, 2013 read with Rules 7 of the Companies (Board Meeting and its Powers) Rules, 2014 requires the following classes of companies to have a vigil mechanism policy for their directors and employees to report their genuine concerns in such a manner as may be prescribed:-

- (i) Every listed company;
- (ii) Every company which accepts deposits from the public;
- (iii) Every company which has borrowed money from banks and public financial institutions in excess of Rs. 50 crores.

Pursuant to 1.1(iii) above, PSTCL is required to have a Vigil Mechanism Policy.

1.2 The vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

1.3 The Corporation is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards the Corporation encourages the employees to voice their genuine concerns without fear of censure.

1.4 Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 and Rules made thereunder and as approved by the Board of Directors of the Corporation in their 34th meeting held on 07.01.2016, the Corporation has adopted the following Vigil Mechanism Policy (hereinafter referred to as 'Mechanism') which lays down the principles and standards governing the management of grievances and concerns of employees and directors of the Corporation which shall be overseen by the Audit Committee (hereinafter referred to as 'Committee') of the Corporation. The Mechanism herein-below shall enable the employees and the directors of the Corporation to report their genuine concerns or grievances about the actual and potential violation of the principles and standards set for the operation of the Corporation.

2. Definitions:

“Adverse Personnel Action” means an employment related act or decision or a failure to take appropriate action by Managerial Personnel which may affect the director(s)/employee(s) employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leave and training or other privileges.

“Alleged Wrongful Conduct” shall mean violation of law, infringement of Corporation Ethics and code of Conduct policies, mismanagement, misappropriation of money, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

Alleged Wrongful Conduct may include but not limited to:

- Misappropriation/misuse of Corporation resources, like funds, supplies, vehicles or other assets;
- Improper use of authority;
- Unauthorized release of proprietary information;
- Theft of cash;
- Theft of goods;
- Falsification, destruction of Corporation records;
- Forgery, falsification or alteration of documents;
- Unauthorized alteration or manipulation of computer files, internet data;
- Fraudulent reporting, willful material misrepresentation;
- Pursuit of a benefit or advantage in violation of the Corporation interest;
- Solicitation accepting, Kickbacks, bribes, expensive gifts, directly or indirectly from business connections including vendors and contractors;
- Authorizing/receiving compensation for hours not worked;

Matter pertaining to the following are to be excluded from the purview of Vigil Mechanism as there are separate forum available for the same:

- Personal grievances;
- Dissatisfaction with appraisals and rewards;
- Complaints relating to service conditions;
- Sexual harassment;
- Suggestions for improving operational efficiencies.

“Associates” means and includes vendors, suppliers and others with whom the Corporation has any financial or commercial dealings.

“Audit Committee” means the Audit Committee of Directors constituted by the Board of Directors of the Corporation pursuant to the provisions of Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors of the Corporation.

“Corporation” means the Punjab State Transmission Corporation Limited registered under the provisions of Companies Act, 1956 (Now Companies Act, 2013).

“Employee” means every employee of the Corporation (whether working in India or abroad), including regular, on deputation/secondment, outsourced, contractual, and employees of other organizations implementing projects of the Corporation.

"Chief Vigilance Officer" means an officer appointed by the Corporation to investigate the matter from time to time.

“Code” means the Code of Conduct for Directors and Employees Conduct of erstwhile PSEB adopted by PSTCL.

"Competent Authority" means the authority as specified in clause 7 of this policy for investigating Protected Disclosures.

“Director” means every Director of the Corporation, past or present.

“Investigators” means those persons authorized, appointed, consulted or approached by the Chairman and Managing Director in connection with conducting investigation into a protected disclosure and include the Auditors of the Corporation.

“Protected Disclosure” means a concern raised by an employee or group of employees of the Corporation or a Director of the Corporation, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title “SCOPE OF THE POLICY” with respect to the Corporation. However, the Protected Disclosures should be factual and not speculative or in the nature of an interpretation/ conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

“Subject” means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

“Policy” means the Whistleblower Policy (WBP).

“Whistleblower” means an Employee or group of employees or director(s) making a Protected Disclosure under this Policy and also referred in the policy as complainant.

3. Eligibility

All director(s)/employee(s) of the Corporation are eligible to make Protected Disclosure under the mechanism which shall be in relation to the matters concerning the Corporation.

4. Scope of the Policy

This Policy covers alleged wrongful conduct including malpractices and events which have taken place, suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Corporation rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, disclosure/revealing data and intellectual property of the Corporation to outside and other matters or activity on account of which the interest of the Corporation is affected and formally reported by whistle blowers. (This Policy is intended to encourage and enable employees to raise serious concerns within the Corporation prior to seeking resolution outside the Corporation).

5. Guiding Principles:

- a. Protected disclosures are acted upon in a time bound manner.
- b. Complete confidentiality of the Whistle Blower is maintained.
- c. The Whistle Blower and / or the person(s) processing the Protected Disclosures are not subjected to victimization.
- d. Evidence of the Protected Disclosure is not concealed and appropriate action including disciplinary action is taken in case of attempts to conceal or destroy evidence.
- e. Subject of the Protected Disclosure i.e. person against or in relation to whom a protected disclosure has been made, is provided and opportunity of being heard.

6. Whistle Blower- Role & Disqualifications

A) Role

- a. The Whistle Blower's role is that of a reporting party with reliable information.
- b. The Whistle Blower is not required or expected to conduct any investigations on his own.
- c. The Whistle Blower does not have any right to participate in investigations.
- d. Protected Disclosure will be appropriately dealt with by the Competent Authority.
- e. The Whistle Blower shall have a right to be informed of the disposition of his disclosure except for overriding legal or other reasons on his written request.

B) Disqualifications:

- a. Genuine Whistle Blowers will be accorded protection from any kind of unfair treatment/ victimization. However, any abuse of this protection will warrant disciplinary action against him.
- b. Protection under this policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blowers knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blowers, who make three Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosure under this policy.

7. Procedure

- a. Subject to b and c herein below all Protected Disclosures should be addressed to the Chief Vigilance Officer of the Corporation.
- b. Protected disclosure against the CE's/HOD/Functional Heads and Chief Vigilance Officer should be addressed to Chairman-cum-Managing Director of the Corporation and in respect of Protected Disclosures, those concerning the Directors should be addressed to the Chairman of the Audit Committee of the Corporation.
- c. The Protected Disclosure/ Complaint should be attached to a letter bearing the identity of the whistle blower/ complainant i.e. his/her Name,

Employee Number if any and Location, and should be submitted in a closed/ secured/ sealed envelope addressed to the Competent authorities as mentioned above which should be superscribed "Protected Disclosure under Vigil Mechanism Policy". If the envelope is not superscribed and closed/ sealed/ secured, it will not be possible to provide protection to the whistle blower as specified under this policy.

- d. The contact details of the Chairman of the Audit Committee, Chairman-cum-Managing Director and the Chief Vigilance Officer are as under:
 1. Chairman Audit Committee
Punjab State Transmission Corporation Limited
C/o Company Secretary,
PSEB Head Office, The Mall,
Patiala – 147001.
 2. Chairman-cum-Managing Director
Punjab State Transmission Corporation Limited
PSEB Head Office, The Mall,
Patiala – 147001.
 3. Chief Vigilance Officer
Punjab State Transmission Corporation Limited
Shakti Sadan, The Mall,
Patiala – 147001.
- e. If a protected disclosure is received by any executive of the Corporation other than Chairman of Audit Committee or Chairman-cum-Managing Director or Chief Vigilance Officer, the same should be forwarded to Chief Vigilance Officer or Chairman Audit Committee or Chairman-cum-Managing Director or Chief Vigilance Officer, as the case may be for further appropriate action.
- f. Appropriate care must be taken to keep the identity of the Whistleblower confidential.
- g. Anonymous / Pseudonymous disclosure will not liable to be entertained.
- h. On receipt of the protected disclosure, the Chief Vigilance Officer and Company Secretary in respect of protected disclosures received by Audit Committee and Chairman-cum-Managing Director shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not before referring the matter to the Audit Committee of the Corporation for further appropriate investigation and needful action. The record will include:
 - a. Brief facts;
 - b. Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - c. Whether the same Protected Disclosure was raised previously on the same subject;
 - i. Details of actions taken by the competent authorities for processing the complaint.
 - ii. Findings of the Audit Committee;

- iii. The recommendations of the Audit Committee/ other action(s).
- i. The Audit Committee, if deems fit, may call for further information or particulars from the complainant and may give some interim relief/order of the case prime-facie justify further action considering the need of and safeguarding the interest of the organization.

8. Investigation

- i. All Protected Disclosures under this policy will be recorded and thoroughly investigated.
- ii. Investigations will be launched only after a preliminary review by the competent authorities which establishes that:
 - a) The alleged act constitutes an improper or unethical activity or conduct, and
 - b) The allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information but it is felt that the concerned matter deserves investigation.
- iii. The competent authorities may investigate and may at its discretion consider involving any other Officer of the Corporation and/ or an outside agency for the purpose of investigation.
- iv. The decision to conduct an investigation is by itself not to be construed as an accusation and is to be treated as a neutral fact finding process.
- v. Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- vi. Subject(s) shall have a duty to co-operate with the competent authorities or any of the Officers appointed by it in this regard.
- vii. Subject(s) shall have a right to consult with a person or persons of their choice, other than the Investigators and/ or members of the Audit Committee and/or the Whistle Blower.
- viii. Subject(s) shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).
- ix. Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- x. Subject(s) will have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Corporation.
- xi. The investigation shall be completed normally within a period of 45 days of the receipt of the Protected Disclosure and is extendable by such period as the Audit Committee deems fit.

- xii. In the event of same/ similar complaint already made against the said employee/Director and it is under investigation, competent authorities may take decision to either wait for the completion of first investigation or to start fresh enquiry based on the evidence received by the complainant and gathered during investigation.
- xiii. Any member of the Audit Committee or Chairman-cum-Managing Director or Chief Vigilance Officer or other officer having any conflict of interest with the matter shall disclose his/her concern / interest forthwith and shall not deal with the matter.

9. Role of Investigator

- i. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority from Audit Committee/ Competent Authority when acting within the course and scope of their investigation.
- ii. All Investigators shall perform their role in an independent and unbiased manner. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of professional standards.

10. Protection

- i. The identity of the Whistle Blower shall be kept confidential.
- ii. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Corporation, as a policy condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers.
- iii. Complete protection, will be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure.
- iv. If the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, arrangements will be made for the Whistle Blower to receive advice about the procedure. Expenses incurred by the Whistle Blower in connection with the above, towards travel etc. will be reimbursed as per normal entitlements.
- v. A Whistle Blower may report any violation of the above clause to the Competent Authority who shall investigate into the same and taken corrective action as may be required.
- vi. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- vii. Whistle Blower shall have direct access to the Chairman of the Audit Committee against victimization.

11. Action

- i. If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which warrants disciplinary action against the subject employee(s), the Competent Authority shall report the matter to

the Audit Committee. Audit Committee along with its recommendations will report its finding to the Chairman-cum-Managing Director for appropriate disciplinary action.

- ii. If the Competent Authority is of opinion that the investigation discloses that no further action on the protected disclosure is warranted, he shall so record in writing. Recording should be incorporated in the Quarterly Report to be submitted to Audit Committee.
- iii. If the Competent Authority is satisfied that the protected disclosure is false, motivated or vexatious, the Competent Authority may report the matter to the concerned Disciplinary Authority for appropriate disciplinary action against the whistle blower with a copy to Chairman, Audit Committee for information.
- iv. Any disciplinary or corrective action initiated against the Subject(s) as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures of the Corporation.

12. Reporting and Review

- i. The Chief Vigilance Officer and Company Secretary on behalf of Chairman-cum-Managing Director and Chairman Audit Committee shall submit a quarterly report of the protected disclosures received and of the investigation conducted, and of the action taken report shall be submitted to the Audit Committee of the Board of Directors of the Corporation annually.
- ii. The Audit Committee shall have power to review any action or decision taken by the Competent Authority.

13. Retention of Documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Corporation for a minimum period of eight (8) years.

14. Amendment

Board of Directors of the Corporation reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, such amendment or modification will be effective from the date of its notification.