



NORTH EAST TRANSMISSION COMPANY LIMITED

VIGIL MECHANISM OF NORTH EAST TRANSMISSION COMPANY LIMITED

*{Under Section 177(9) of the Companies Act, 2013 read with
Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014}*

As approved by the Board at its 36th meeting held on June 23, 2015

PREFACE

This Mechanism may be called the **Vigil Mechanism of North East Transmission Company Limited** or **Vigil Mechanism Policy of North East Transmission Company Limited**.

The Company believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has adopted the VIGIL MECHANISM OF NORTH EAST TRANSMISSION COMPANY LIMITED. Any actual or potential violation of the Mechanism, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Directors, Employees in pointing out such violations of the Mechanism cannot be undermined.

Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, mandates the following classes of companies to constitute a vigil mechanism

- i. Every listed company;
- ii. Every other 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.

Accordingly, the Mechanism has been formulated with a view to provide a framework for directors and employees of the Company to report any improper activity before Competent Authority for remedial or disciplinary action against the person indulging in any improper activity.

Any director or employee can make a protected disclosure under this Mechanism of the company, providing for reporting to the competent authority. The company shall ensure protection to the whistle blower and any attempts to intimidate him/her would be treated as a violation of the Mechanism.

OBJECTIVES OF VIGIL MECHANISM

To conduct the affairs of the company in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour, and for this purpose, to encourage the directors and employees of the company to raise/report any unethical, non-professional or improper activity related to affairs of the company to Competent Authority.

1. DEFINITIONS

The definitions of some of the key terms used in this Mechanism are given below.

- 1.1 **“Audit Committee”** means the Audit Committee of Directors constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013
- 1.2 **“The company”** means North East Transmission Company Limited.
- 1.3 **“The Competent Authority”** means (i) The Chairman of the Audit Committee in case the Subject is a Board level employee of the company; and (ii) The Managing Director of the company in case the Subject is below Board level employee and will include any person(s) to whom powers are delegated by them as the Competent Authority under this policy from time to time.
- 1.4 **“Director”** means every Director of the company, past or present.
- 1.5 **“Disciplinary Action”** means any action that can be taken on the completion of/ during the investigation proceedings, including but not limited to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- 1.6 **“Employee”** means every employee of the Company (whether regular or working on contract), including the directors in the employment of the Company.
- 1.7 **“Improper Activity”** means unethical behaviour, actual or suspected fraud or violation of the company’s general guidelines on conduct or ethics policy by any employees of the company and includes matter specified under Clause 4 of the Mechanism.
- 1.8 **“Investigators”** mean those persons authorised, appointed, consulted or approached by the Competent Authority in connection with conducting

investigation into a Protected Disclosure and includes the auditors of the Company.

1.9 **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity or behavior on part of employee (s) of the Company.

1.10 **“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.

1.11 **“The Mechanism/this Policy”** means the VIGIL MECHANISM OF NORTH EAST TRANSMISSION COMPANY LIMITED.

1.12 **“Whistle-blower”** means an employee or director making a Protected Disclosure under this the Mechanism.

2. SCOPE

This Mechanism is a code for ethical practice of the company. The Whistle blower’s role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

Whistle-blower should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Competent Authority or the Investigators. Protected Disclosure will be appropriately dealt with by the Competent Authority.

3. ELIGIBILITY

All Employees and directors of the Company are eligible to make Protected Disclosures under the Mechanism. The Protected Disclosures may be in relation to matters concerning the Company.

4. REPORTABLE MATTERS

The Mechanism covers Improper Activity, malpractices and events which have taken place/ suspected to take place involving:

- i. Abuse of authority;

- ii. Breach of Contract ;
- iii. Breach of Companies code of conduct or Rules, if any;
- iv. Breach of Business Integrity and Ethics;
- v. Negligence causing substantial and specific danger to public health and safety;
- vi. Manipulation of Company data/records with malafide intention;
- vii. Financial irregularities, including fraud, or suspected fraud, bribery;
- viii. Pilferage of confidential/proprietary information;
- ix. Deliberate violation of law/regulation and illegality;
- x. Corruption;
- xi. Wastage/misappropriation of company funds/assets;
- xii. Sexual harassment;
- xiii. Danger to Health, Safety or environmental issues ;
- xiv. Any other unethical, biased, favoured, imprudent event;
- xv. Any offence of Material Nature;

5. DISQUALIFICATIONS OF WHISTLEBLOWER

5.1 While it will be ensured that genuine Whistle-blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

5.2 Protection under this Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle-blower knowing it to be false or bogus or with a mala fide intention.

Whistle-blower, who makes three or more 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 Disclosures under this Policy unless otherwise allowed by the Competent Authority. In respect of such Whistle-blowers, the Company/Competent Authority would reserve its right to take/recommend appropriate disciplinary action.

6. PROCEDURE FOR PROTECTED DISCLOSURE

6.1 Employees can make Protected Disclosure to the Competent Authority, as soon as possible but generally not later than 30 days after becoming aware of the same.

6.2 All Protected Disclosures should be addressed to the Competent Authority for investigation.

6.3 All Protected Disclosures against below Board level employees shall be addressed to the Managing Director of the Company in a closed/sealed envelope and should be super-scribed "**Protected Disclosure**" at the following address.

The Managing Director

North East Transmission Company Limited

1st Floor, Ambience Corporate Tower, Ambience Mall, Ambience Island, NH-8, Near Toll Plaza, Gurgaon-122001 (Haryana)

6.4 All Protected Disclosures received by the Managing Director shall be opened only by him. He shall detach the covering letter which would be kept under safe custody and may nominate/appoint the Investigator Officer for screening and further investigation.

6.5 All Protected Disclosures against Board level employees shall be addressed to the Chairman, Audit Committee in a closed/sealed envelope and should be super-scribed "**Protected Disclosure**" at the following address.

The Chairman, Audit Committee

C/o Company Secretary

North East Transmission Company Limited

1st Floor, Ambience Corporate Tower, Ambience Mall, Ambience Island, NH- 8, Near Toll Plaza, Gurgaon-122001 (Haryana)

6.6 If a protected disclosure is received by any other employee of the Company, the same should be forwarded to the Competent Authority. Appropriate care must be taken to keep the identity of the Whistle-blower confidential.

6.7 Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or Hindi language.

6.8 The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle-blower. The Competent Authority shall

detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

6.9 Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

6.10 The Whistle-blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. Save as otherwise decided by the Competent Authority, any anonymous disclosures will not be entertained.

7. INVESTIGATION

7.1 All Protected Disclosures will be recorded by person nominated by Competent Authority or by himself for screening and investigation. If initial enquiries indicate that the concern has no basis, or it is not a matter to be pursued under this policy, it may be dismissed at this stage with the approval of Competent Authority and decision will be documented.

7.2 Where initial enquiries indicate that further investigation is necessary this will be carried out in an independent and unbiased manner. The Competent Authority may at its discretion, consider involving any Investigators for the purpose of investigation. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of professional standards.

7.3 The outcome of the investigation may or may not support the conclusion of the Whistle-blower that an improper or unethical act was committed.

7.4 The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

7.5 Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

7.6 Subjects shall have a duty to co-operate with Competent Authority or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

- 7.7 Subjects 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. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- 7.8 Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subject.
- 7.9 Unless there are compelling reasons not to do so, Subject will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.10 Subjects have a right to be informed of the outcome of the investigation. 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 Company.
- 7.11 The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure
- 7.12 In case the Protected Disclosure is proved, The Competent Authority shall take such Disciplinary Action as it may think appropriate and take preventive measures to avoid reoccurrence of the such Improper Activity;
- 7.13 After Completion of the investigation, the Whistle Blower will be informed of the major findings and action taken/contemplated to be taken against the Subject.
- 7.14 In cases, where the Whistle Blower is not satisfied with the findings of the Investigation or the action taken, he/she may approach the Chairman of the Audit Committee at the following address within 30 days of decision who will deal with the matter as he/she deemed it to be proper:

The Chairman, Audit Committee

C/o Company Secretary

North East Transmission Company Limited

1st Floor, Ambience Corporate Tower, Ambience Mall, Ambience Island, NH- 8,
Near Toll Plaza, Gurgaon-122001 (Haryana)

8. PROTECTION OF WHISTLEBLOWER

- 8.1 Whistle-blower shall not be unfairly treated by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle-blowers. Complete protection will, therefore, 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/her duties/functions including making further Protected Disclosure. The Company will take steps to mitigate difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistle blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle blower to receive advice about the procedure, etc.
- 8.2 A Whistle blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- 8.3 The identity of the Whistle blower shall be kept confidential to the extent possible and permitted under law. Whistle blowers are cautioned that their identity may become known for reasons outside the control of the Chairman of the Audit Committee (e.g. during investigations carried out by Investigators).
- 8.4 Any other Employee or Director assisting in the said investigation shall also be protected to the same extent as the Whistle blower.

9. INVESTIGATORS

- 9.1 Investigators are required to conduct a process towards fact-finding and analysis and follow the principle of natural justice. Investigators shall derive their authority and access rights from the Competent Authority when acting within the course and scope of their investigation.
- 9.2 Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.

9.3 Investigations will be launched only after a preliminary review which establishes that:

- i. the alleged act constitutes an improper or unethical activity or conduct, and
- ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

10. DECISION

If an investigation leads the Competent Authority to conclude that an improper or unethical act has been committed, he shall recommend to the management of the Company to take such disciplinary or corrective action as he deems fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Mechanism shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

11. REPORTING

The Competent Authority shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

12. CIRCULATION

The Mechanism should be circulated to all the directors/employees/officers of the Company

12. RETENTION OF DOCUMENTS

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

13. AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and directors unless the same is notified to the Employees and directors in writing.