

Item No.55.24 Constitution of Vigil Mechanism Committee & approval of Vigil Mechanism Policy of the Corporation.

The Memorandum was considered and approved. The following resolutions were passed:

"RESOLVED THAT pursuant to provisions of Section 177 (9) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, and other applicable provisions, if any, the Audit Committee of the Corporation be and is hereby also approved as VIGIL MECHANISM COMMITTEE and is constituted consisting of the following members:

1. Additional Chief Secretary (MPP & Power) to the GoHP. - Chairman
2. Additional Chief Secretary (Finance) to the GoHP. - Member
3. Managing Director of the Corporation - Member

The Company Secretary of the Company shall act as the Secretary of the above Committee. He will also be the Designated Authority as per clause 3(G) of the Vigil Mechanism Policy, 2016.

"RESOLVED FURTHER THAT "Vigil Mechanism Policy-2016" be and is hereby approved and shall be placed on the Company website."

"FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as may be deemed necessary and expedient to give effect to these resolutions including filing of documents, if any, with the Registrar of Companies etc."

VIGIL MECHANISM POLICY, 2016.

1. INTRODUCTION

- 1.1. The Companies Act, 2013 have put greater emphasis on transparency in the governance of the Companies. Considering the growing number of reported incidents related to alleged corrupt practices in corporate sector in India, the establishment of Whistle Blower Mechanism by the companies, which was earlier not a mandatory requirement, has now been made compulsory. In addition, the Companies Act, 2013 has mandated establishment of a Vigil Mechanism for Directors and Employees to report genuine concerns and any misdoings within their company. The Mechanism is also to provide for necessary safeguards to protect whistle blowers from victimization.

2. SHORT TITLE AND COMMENCEMENT

- 2.1. This policy may be called the "**Vigil Mechanism Policy-2016**" of the Himachal Pradesh Power Corporation Limited, 2016. It would come into force from the date of issue of orders.

3. DEFINITIONS AND INTERPRETATIONS:

- 3.1. Unless repugnant to the context and inconsistent with the relevant Acts and Rules made there under:

(a) '**Act**' means the Companies Act, 2013.

(b) '**Rules**' means the Companies (Meetings of the Board and its Powers) Rules, 2014 notified by the Ministry of Corporate Affairs, Govt. of India vide no. G.S.R. 240(E) dated 31.3.2014 and amendments thereof.

(c) '**Audit Committee**' means the Audit Committee constituted by the Board of Directors of the Company.

(d) '**Company**' means Himachal Pradesh Power Corporation Limited (hereafter referred as HPPCL).

(e) '**Designated Authority**' means the Chairman of the Audit Committee/Vigil Mechanism Committee or any Functional Director or Company Secretary nominated/designated by the Chairman of the Audit Committee.

(f) '**Director**' means every Director of the Company.

(g) '**Employee**' means every employee of the Company.

(h) **'Fraud'** includes any act, omission, concealment of any fact or abuse of position committed by any Employee/Director or committed with his/her connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of the Company or its Directors/Employees.

(i) **'Investigator'** means those persons authorized, appointed, consulted or approached by the Chairman of the Audit Committee and includes the auditors of the Company and the Vigilance Wing of the Company, if any.

(j) **'Protected Disclosure'** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity or actual or suspected fraud or violation of the Company's Code of Conduct or provisions prescribed in the Company's Human Resource Manual. A complaint under this mechanism wherever reflected in this policy shall have the same meaning as protected disclosure.

(k) **'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.

(l) **"Whistleblower"** means an Employee or Director making a Protected Disclosure under this Policy. A complainant under this mechanism reflected in this policy shall have the same meaning as Whistleblower.

(m) **'Screening Committee'** means a Committee constituted under this Mechanism by the Chairman of the Audit Committee or Designated Authority at the time of receiving complaint. However, the Screening Committee will not include the Director/General Manager/DGM of the wing to which the complaint/Complainant belongs. Further, in case the Complaint is against a Director of the Company, the constitution of Screening Committee shall be decided appropriately by the Chairman of Audit Committee on a case to case basis.

(n) **'Unethical behaviour'** includes the following:

(i) Abuse of authority.

(ii) Action aimed at taking advantage by impersonating another person without his knowledge or consent.

(iii) Financial irregularities.

(iv) Disclosure of confidential/proprietary information to unauthorized persons.

(v) Wastage/misappropriation of Company's funds/assets.

(vi) Non-conformance to reasonable standard of social or professional behavior.

(vii) Any other biased, favoured or imprudent action.

(o) **'Victimisation'** means punishment or discrimination against the Complainant selectively or unfairly.

(p) **'Vigil Mechanism Committee'** under the mechanism shall mean the Audit Committee constituted by the Board of Directors of the Company.

3.2. In this Mechanism, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

4. WORDS AND EXPRESSIONS

4.1. Words and Expressions used and not defined in this policy and Rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

5. SCOPE

5.1. The Vigil Mechanism Policy includes the following acts in its purview:

- (i) Misuse or abuse of authority
- (ii) Fraud or suspected fraud
- (iii) Pilferage of confidential/propriety information
- (iv) Misappropriation of Company's funds/assets
- (v) Any other biased, favoured, imprudent activity on account of which the interest of the Company is affected.
- (vi) Any such action which tantamount to Unethical Behavior.
- (vii) Such other complaints, which in the opinion of the Chairman are found appropriate to be considered.

6. ELIGIBILITY

6.1. All Directors and Employees of the Company are eligible to make Protected Disclosures/Complaints under the Policy in matters concerning the Company.

7. DISQUALIFICATIONS

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

- 7.2. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a *mala fide* intention.
- 7.3. Whistleblowers, who make 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.
- 7.4. In respect of such Whistleblowers, the Company/Audit Committee/Vigil Mechanism Committee would reserve its right to take/recommend appropriate disciplinary action.

8. ROLE OF WHISTLEBLOWERS

- 8.1. The Whistleblower'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.
- 8.2. The Whistleblowers 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 Chairman of the Audit Committee/Vigil Mechanism Committee or the Investigators.

9. PROCEDURE FOR FILING A COMPLAINT

- 9.1. The name, address, contact number(s), etc. of the Designated Authority and the Chairperson, Audit Committee will be notified from time to time at HPPCL's website.
- 9.2. If the Chairperson, Audit Committee is not in position due to any reason, then the ACS (Finance)/Pr. Secretary (Finance) to the Govt. of H.P. shall discharge the functions of the Chairperson, Audit Committee, under this Mechanism.
- 9.3. In exceptional cases, such as conflict of interest between the Designated Authority and the subject matter of the Complaint, the Complainant may send the Complaint directly to the Chairperson, Audit Committee. In such an eventuality the Chairperson, Audit Committee may take over the role of Designated Authority.
- 9.4. The Complaint should be sent in a closed envelope or through e-mail to the official mail id of the Chairperson or Designated Authority, Audit Committee, as the case may be.
- 9.5. The envelope should be addressed by name to the Designated Authority/Chairperson, Audit Committee and should be super scribed with 'Complaint under Vigil Mechanism'. If the envelope is not properly closed or not duly super scribed, the Complaint may not be entertained because it will not be possible to conceal the identity of the Complainant in these circumstances.

- 9.6. The Complaint should preferably be written in Hindi or English. The complaint should either be typed or handwritten in legible writing with an understanding of the issue(s) raised. The Complaint should contain sufficient information in order to enable a preliminary review/proper assessment. The Complaint should also contain reasons as to why it merits attention under this Mechanism. The details of the Complaint should be verifiable. The body of the Complaint should be drafted in a way so as not to give any details or clue about the identity of the Complainant.
- 9.7. The Complaint should invariably contain the signature of the Complainant and his name, address, contact number(s) and e-mail address either in the beginning or at the end of the Complaint or in the forwarding letter so that the identity and address may be concealed, while processing further.
- 9.8. The Complainant may not enter into any correspondence with the Designated Authority/Chairperson, Audit Committee in his own interest. If any further information/clarification is required, the Complainant will be contacted directly.
- 9.9. Anonymous or pseudonymous Complaints shall not be entertained. Protected Disclosure will be appropriately dealt with by the Chairman of the Audit Committee/Vigil Mechanism Committee, as the case may be.

10. INVESTIGATION/ACTION ON THE COMPLAINTS

- 10.1. The Chairman or Designated Authority will ascertain from the Complainant whether he has indeed made the Complaint under Vigil Mechanism. Thereafter, the Chairman/Designated Authority shall send the Complaint to the Screening Committee, which shall be constituted by the Chairman/Designated Authority after concealing the identity of the Complainant.
- 10.2. On receipt of the Complaint, the Screening Committee will make preliminary inquiry to ascertain whether there is any factual basis to investigate the Complaint.
- 10.3. If the Screening Committee, as a result of the inquiry or otherwise, is of the opinion that the Complaint is to be further investigated, it will recommend accordingly to Chairperson/Designated Authority. The Screening Committee shall make the recommendations within a period of one month from the date of receipt of the Complaint.
- 10.4. On receipt of the recommendations of the Screening Committee, the Designated Authority or the Chairperson, Audit Committee, as the case may be, shall decide whether to forward the Complaint to the Investigator for further investigation or close the Complaint or the Complaint is to be investigated otherwise depending on the nature of the Complaint.
- 10.5. In connection with the Complaint, if the Investigator requires, for the purpose of any investigation, assistance of any employee who in his opinion shall be able to furnish information or documents relevant to the

- investigation or otherwise assist in the investigation, he may seek such assistance.
- 10.6. Investigator shall submit his specific recommendations to the Chairman/Designated Authority within three months from the date of forwarding of the Complaint to him. The Chairman/Designated Authority shall forward his advice in the case to the concerned Disciplinary Authority for further necessary action.
 - 10.7. If the Investigator, as a result of investigation, is of the opinion that the complaint 'stands' or the complaint is found to be false, motivated or vexatious, he may send the report /outcome of the investigation to the Designated Authority or the Chairperson, Audit Committee, as the case may be.
 - 10.8. If it is found that there are no sufficient grounds for proceeding further on the Complaint, Investigator may recommend closure of the case and filing of the Complaint.
 - 10.9. On receipt of the report/outcome of the Complaint from the Investigator, the Chairperson or the Designated Authority, as the case may be, shall submit the matter to the Audit Committee/Vigil Mechanism Committee for its directions with regard to further action as deemed fit and proper by the Audit Committee.
 - 10.10. The authority, to whom the Audit Committee gives direction for taking action on the Complaint, will submit the Action Taken Report to the Chairman/Designated Authority, within the time specified.
 - 10.11. The Designated Authority will submit monthly updates to the Chairperson, Audit Committee about the status of the Complaints.
 - 10.12. The final action taken on the Complaint shall be conveyed by the Designated Authority within six months of the receipt of the Complaint. However, if no final decision has been taken within this period, then an interim intimation on the status of the Complaint will be sent to the Complainant.

11. INVESTIGATION PROCESS:

- 11.1. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Chairman of Audit Committee/Audit Committee/Vigil Mechanism Committee, when acting within the course and scope of their investigation.
- 11.2. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- 11.3. 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 improper or unethical.

12. SECRECY/CONFIDENTIALITY

12.1. The Whistleblower, Designated authority, Members of Vigil Mechanism Committee, the subject and everybody involved in the process shall:-

- (i) Maintain absolute confidentiality of all matters under this policy.
- (ii) Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- (iii) Not to keep the papers unattended anywhere at any time.
- (iv) Keep the electronic mails/files under password.

13. PROTECTION OF WHISTLEBLOWER/COMPLAINANT

- 13.1. The identity of the Complainant shall not be revealed.
- 13.2. The Complainant shall not be subjected to victimization due to the fact that he had filed a Complaint under this Mechanism.
- 13.3. If the Complainant is required to submit evidence in legal or any other proceedings under this Mechanism, arrangements towards his travel, etc. will be made or expenses incurred by him in this connection will be reimbursed, as per his entitlement as per rules of the Company.
- 13.4. Protection under this Mechanism would not mean protection against disciplinary action arising out of any false, motivated or vexatious Complaint.
- 13.5. Any other employee assisting in the investigation or furnishing evidence with regard to a Complaint shall also be protected.

14. GRIEVANCE REGARDING DISPOSAL OF COMPLAINTS/DECISION

- 14.1. If the Complainant feels aggrieved with the final action taken on his complaint or if he feels that protection to which he is entitled to has not been provided, then he may make a representation of his grievance in writing to the Chairperson, Audit Committee, who will take such action as may be deemed fit to redress the grievances.

15. PERIODIC REPORTING

- 15.1. The Designated Authority shall submit a Quarterly report of the Complaints received and the actions taken thereon to the Audit Committee.

16. RETENTION OF DOCUMENTS

- 16.1. 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 eight years or such longer time as applicable under the relevant regulations, if any.

17.AMENDMENT

17.1. This Mechanism may be amended at any time with the approval of the Board of Directors of the Company on the recommendations of the Audit Committee of the Company.

18.Chairperson, Audit/Vigil Mechanism Committee and Designated Authority

18.1. In terms of the clause 3(G) of the Vigil Mechanism Policy, 2016, the details of Designated Authority and Chairperson, Audit Committee/Vigil Mechanism Committee are as under:

Designated Authority:

Name : Sh. Sudershan K. Sharma, Company Secretary-cum-AGM
Address : Himachal Pradesh Power Corporation Limited, 2nd Floor, Uttam Bhawan, Shimla-171004.
Phone No. : 0177-2807923
Email : cs_hpjvvn@yahoo.com

Chairperson, Audit/Vigil Mechanism Committee:

Designation : Additional Chief Secretary (MPP & Power) to the Govt. of H.P.
Address : H. P. Govt. Secretariat, Shimla-171002 (H.P.)
Phone No. : 0177-2622382
Email : secypower-hp@nic.in