

## **BEML LIMITED**

BENGALURU

### ***VIGIL MECHANISM / WHISTLE BLOWER POLICY***

#### **1. PREFACE**

1.1 The provisions of the Companies Act, 2013 and the relevant rules there under, DPE Guidelines on Corporate Governance for CPSEs and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) have mandated the establishment of the Vigil Mechanism / Whistle Blower Policy of the Company as detailed under:

- (i) Section 177 of the Companies Act, 2013 requires every listed company to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.
- (ii) Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, provides that every listed company shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances.
- (iii) Regn. 4(2)(d)(iv) of the SEBI Listing Regulations provides that a listed entity shall devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.
- (iv) DPE Guidelines on Corporate Governance for CPSEs provides that the Audit Committee constituted by the Board has to review the functioning of the Whistle Blower Mechanism. Further, para 4.3 of the said guidelines empowered the Audit Committee to protect the whistle blowers.

1.2 As per the requirements under SEBI Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs, the Company has adopted a Code of Conduct for Directors, Executive Directors and Chief General Managers of the Company (“the Code”), which lays down the principles and standards that should govern their actions in the conduct of business of the Company. The said Code is also placed on the website of the Company. Further, all the employees of the Company are expected to adhere to the standing orders and ‘Conduct, Discipline and Appeal (CDA) Rules’ which encompass the ethical and moral practices in their conduct relating to the business of the Company.

1.3 Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company. Hence, a vigil mechanism is

required to be established to enable the directors and employees to bring to the knowledge of the management violation, if any, in the code of conduct and ethical behaviour of fellow employee in his / her conducting the business of the Company. Such a vigil mechanism shall also provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

## **2. POLICY**

In compliance with the above requirements, BEML Limited, (BEML), being a Listed Company, has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing / vigil mechanism as duly approved by the Board of Directors by way of circulation on 04.03.2016.

## **3. POLICY OBJECTIVES**

3.1 The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct.

3.2 The Company 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 Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

3.3 The mechanism provides for adequate safeguards against victimization of directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

3.4 This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations on personal grounds.

## **4. DEFINITIONS**

4.1 “**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Regn. 18 of SEBI Listing Regulations and the DPE Guidelines on Corporate Governance. If the Audit Committee of the Company is not in place due to any reason, then the CMD will nominate one of the Directors to discharge the functions of the Chairman, Audit Committee, under this policy.

4.2 “**Competent Authority**” means the Chairman & Managing Director (CMD) or any Functional Director nominated by CMD to receive and deal with complaint under this policy from time to time.

4.3 “**Complaint**” means a complaint made under this policy which discloses information which may be treated as evidence of unethical behaviour, actual or suspected fraud, or violation of the Company’s general guidelines on conduct and ethics as prescribed in the BEML Conduct, Discipline and Appeal Rules / Standing Orders.

4.4 “**Employee**” means every person in the employment of the Company (whether working in India or abroad), including the Directors on the Board of the Company.

4.5 “**Code**” means the BEML Code of Conduct for Directors and Senior Management at the level of Executive Directors and Chief General Managers . For Executives in Grade I to Gr.VIII Conduct, Discipline and Appeal Rules and for all employees as per Standing Orders of the Company.

4.6 “**Investigator(s)**” mean those person(s) authorised, appointed, consulted or approached by the Competent Authority / Chairman, Audit Committee in connection with conducting investigation into a complaint and includes the Auditors of the Company and the Police.

4.7 “**Protected Disclosure**” means a written communication of a concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

4.8 “**Subject**” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

4.9 “**Screening Committee**” means a Committee constituted under this Policy by the Competent Authority. The Screening Committee will consist a Chairman and four members nominated by the Competent Authority.

4.10 “**Whistle Blower**” is a Director or employee / executive who makes a Protected Disclosure under this Policy and also referred in this policy as complainant.

## **5. SCOPE**

5.1 This Policy is an extension of the Code of Conduct for Directors and Senior Management Personnel. 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.

5.2 Whistle Blowers 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 authorized by the Chairman of the Audit Committee or the Investigators.

5.3 Protected Disclosure will be appropriately dealt with by the Chairman of the Audit Committee, as the case may be.

## **6. ELIGIBILITY**

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

## **7. PROCEDURE**

7.1 All Protected Disclosures should be addressed to the Competent Authority or Chairman of the Audit Committee in exceptional cases.

7.2 If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee, the same should be forwarded to the Competent Authority for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.

7.3 All Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English or Hindi or local language as applicable.

7.4 The Protected Disclosure should be submitted under a covering letter signed by the complainant in a closed and secured envelope and should be super scribed as **“Protected disclosure under the Whistle Blower policy”** or sent through email with the subject **“Protected disclosure under the Whistle Blower policy”** to the Competent Authority or Chairman of the Audit Committee, who in turn refer the complaint to the Screening Committee after concealing the identity of the whistle blower. If the complaint is not super-scribed and closed as mentioned above, the protected disclosure will be dealt with as if a normal disclosure.

7.5 The contact details of the Chairman of Screening Committee are as under:-

**Director – HR**  
**BEML Limited**  
**BEML Soudha, No.23/1, 4<sup>th</sup> Main, S.R. Nagar,**  
**Bangalore – 560 027**  
**Email – whistle\_blower@beml.co.in**

7.6 In order to protect the identity of the complainant, acknowledgement will not be issued to the complainants.

7.7 Anonymous / Pseudonymous disclosure shall not be entertained.

## **8. INVESTIGATION**

8.1 The Screening Committee upon receipt of the complaint may make discreet inquiry to ascertain whether there is any basis for proceeding further to investigate the complaint. If the Screening Committee is of the opinion that there are no sufficient grounds for proceeding further on the complaint, it shall recommend closure of the matter.

8.2 The Screening Committee shall make the recommendations ordinarily within one week from the date of receipt of the complaint. In the absence of any member(s), the available member(s) of the committee shall make the recommendations.

8.3 If the Screening Committee, as a result of the discreet inquiry or otherwise, is of the opinion that the complaint requires further investigation, it will make a recommendation to forward the complaint to the Investigator(s) for further investigation. On receipt of the recommendation, the Competent Authority or the Chairman, Audit Committee as the case may be shall forward the complaint to the Investigator(s) for further investigation and report.

8.4 In case of any conflict of interest between the subject matter of the complaint and Competent Authority or member(s) of the Screening Committee, investigators shall derive their authority and access rights from the Chairman of Audit Committee when acting within the course and scope of their investigation.

8.5 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 behaviour, and observance of legal and professional standards.

8.6 Investigations will be launched only after a preliminary review by the Competent Authority or Chairman of the Audit Committee which establishes that:

- i) the alleged act constitutes an improper or unethical activity or conduct, and
- ii) the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of management review. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

8.7 The Competent Authority or the Chairman, Audit Committee, if deems fit, may call for further information or particulars from the complainant and at its discretion, consider

involving any other / additional Officer of the Company and / or Committee and / or an outside agency for the purpose of investigation.

8.8 The Whistle Blower should give his name, address, contact number(s) and e-mail address in the beginning or at the end of complaint or in an attached letter so that the same can be concealed, while processing further. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

8.9 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.

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

8.11 Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Screening Committee / 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. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.

8.12 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 Subjects.

8.13 Unless there are compelling reasons not to do so, subjects 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.

8.14 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.

8.15 The investigation by itself would not tantamount to an accusation and is to be treated as a neutral fact finding process.

8.16 The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

8.17 Any member of the Board 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. DECISION**

If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit. Any disciplinary or corrective action initiated against the Subject 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 as per Company rules.

## **10. REPORTING**

10.1 A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board by the Chairman of the Screening Committee.

10.2 A complainant who makes false allegations of unethical and improper practices or about alleged wrongful conduct of the Subject to the Investigators or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

## **11. CONFIDENTIALITY**

The complainant, Investigators, Members of Audit Committee, the Subject and everybody involved in the process shall, maintain confidentiality of all matters under this Policy, discuss only to the extent or with those persons as required under this policy for completing the process of investigations and keep the papers in safe custody.

## **12. PROTECTION**

12.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his / her having reported a Protected Disclosure under this policy. Adequate safeguards against victimisation of complainants shall be provided. 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 duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure.

12.2 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.

12.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

12.4 Whistle Blower should not enter into any correspondence with the Competent Authority/Chairman, Audit Committee in their own interest. If any further clarification is required, the Whistle Blower will be contacted.

### **13. DISQUALIFICATIONS**

13.1 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.

13.2 Protection under this Policy 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.

13.3 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blowers who makes Protected Disclosures for the first time, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy and also shall be liable to be prosecuted.

### **14. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE**

14.1 The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

14.2 The contact details of the Chairman of the Audit Committee are as under:

**The Chairman – Audit Committee**  
**Company Secretariat**  
**‘BEML Soudha’, No.23/1,**  
**4<sup>th</sup> Main, S.R. Nagar,**  
**Bangalore - 560027**  
**e-mail : chairmanacwb@gmail.com**

### **15. COMMUNICATION**

Directors and Employees shall be informed of the Policy by issuing a circular, publishing on the notice board and the website of the Company. The name, address, contact number (s) and e-mail address of the Competent Authority/Chairman, Audit Committee will be notified from time to time.



## **16. 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 period of 5 (five) years or such other period as specified by any other law in force, whichever is more.

## **17. AMENDMENT**

The Company reserves its right to amend or modify this Policy in whole or in part, or repeal at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the directors and employees unless the same is communicated in the manner described as above.

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