

Paradeep Phosphates Limited

Paradeep Phosphates Limited

PPL VIGIL MECHANISM

**[Under section 177(9) of the Companies Act,
2013]**



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Section 1 : Preface

1.1 About the Mechanism

This Mechanism has been divided into four key sections.

Section 1 : Includes details on the Objective and Applicability of this Mechanism which envisages the need and the Company's culture towards preventing and detecting fraud and the Glossary for providing an understanding of this Mechanism.

Section 2 : Provides details, such as who can raise a concern and regarding what, investigation, immunity and disqualifications, which cover all administrative procedures for enforcing this Mechanism.

Section 3 : Consists of the details such as implementation framework, roles and responsibilities covering all governance procedures and confidentiality provisions relevant for implementing this Mechanism.

1.2 Objective

The Company aims to propagate a culture for maintaining highest standard of conduct and professionalism. To achieve this, the Company has formulated this Mechanism that will provide guidelines and assignment of responsibility for the development and maintenance of controls, conduct of investigations, and awareness trainings for the employees. The Company would perceive any actual or potential fraud, however insignificant or perceived as such, very seriously.

This Mechanism seeks to :



- Provide an independent, high level forum by means of the Audit Committee and Ombudsperson for employees and Business Associates to raise concerns and complaints about fraudulent practices as enlisted in 2.2 herein below.
- Establish a fair and equitable inquiry process and redressal mechanism.
- Provide through the Ombudsperson and the Audit Committee, a forum to review and investigate such concerns and give appropriate feedback on action taken.
- Reassure employees and Business Associates raising the concerns, that each one utilizing the process will be fully protected against possible reprisals, intimidation, coercive action, dismissal, demotion or victimization when a serious and genuine concern of fraud has been reported in good faith.

1.3 Applicability

This Mechanism is applicable to all the employees as well as its Business Associates interacting with PPL. All Infringing Actions (see 2.2) shall be investigated in accordance with the provisions provided in this Mechanism and other related policies.

1.4 Glossary

“Audit Committee” : means the Audit Committee constituted by the Board of Directors of the Company under the Companies Act, 1956 / Companies Act, 2013 (including the Rules framed there under).



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- "Business Associates" : include all customers, agents, dealers, suppliers and other vendors that conduct business with PPL.
- "Director" : means a member of the Board of Directors of the Company;
- "Disciplinary Action" : means any action that can be taken on the completion of or during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any other action as is deemed to be fit, considering the gravity of the matter;
- "Employee" : means every employee, be it full time or part time employee, of the Company.
- "Infringing Actions" : shall have the meaning assigned to it in Clause 2.2 hereof.
- "Investigator" : means one or more persons authorized or appointed by the Ombudsperson or Chairman of Audit Committee, to assist in the investigation of the Protected Disclosure and submit his/her/ their findings to the Chairman of Audit Committee, as the case may be;
- "Investigation Team" : comprises of any person or persons authorized, appointed, consulted or approached by the Audit Committee to assist in the investigation process under



the Mechanism and shall include the Ombudsperson and a member of the Audit Committee.

“Ombudsperson” : is a person who shall act as a trusted intermediary between the Management and others for the purposes of reporting and investigation of fraudulent or suspected fraudulent activities. The head of the Internal Audit Wing of the Company shall act as ‘Ombudsperson’ for this Mechanism.

“Protected Disclosure” : means any communication made in good faith that discloses or demonstrates information that may evidence unethical or fraudulent activity.

“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 under this Mechanism;

“Complainant” : An employee or other stakeholder making a protected disclosure under this Mechanism.

“PPL /Company” : refers to Paradeep Phosphates Limited.



Section 2 : Content of Mechanism

2.1 Who can raise concern

Any employee, any Director or Business Associate who observes or is affected by any fraudulent activity, can approach the Ombudsperson to voice his or her concerns. The Complainant may be either an observer who is not directly impacted or a victim who is directly or indirectly affected by such practices.

Protected Disclosures concerning :

- i) the employees at the levels of General Managers and above should be addressed to the Chairman of the Audit Committee who may assign this responsibility to any other Executive / Director of the Company; and
- ii) other Employees should be addressed to the Ombudsperson.

2.2 On what matters can concerns be raised under this Mechanism

(hereinafter referred to as "**Infringing Actions**")

- a) Abuse of authority
- b) Breach of contract
- c) Manipulation of Company data/records
- d) Financial irregularities, including fraud or suspected fraud
- e) Criminal offence
- f) Unauthorised disclosure or misuse of confidential /proprietary information
- g) Deliberate violation of law/regulation
- h) Wastage/misappropriation of Company funds /assets



- i) Negligence causing substantial and specific danger to public health and safety
- j) Failure to implement or comply with any approved Company Policy.
- k) Unethical behavior or illegal or unethical practices
- l) Any other violation/possible violation of the Code.

2.3 How to raise a concern

A person wishing to raise a concern, shall file a complaint in writing (Protected Disclosure) to the Ombudsperson/ Chairman of the Audit Committee (as the case may be) and provide the following information such as -

- i. Background
- ii. History of the fraud
- iii. Grounds for raising the concern
- iv. Identity of the Subject or subjects
- v. Documentary evidence, wherever available

The complaint may mention the identity of the Complainant. If requested, identity of such person shall be maintained confidential, to the extent that it does not hamper the investigation.

Protected Disclosures to be factual and not speculative or in the nature of a conclusion, and shall 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.

The complaints may be submitted in either of these forms :



- Writing through hard copy mail to -

*The Ombudsperson / Chairman of the Audit Committee,
Paradeep Phosphates Limited,
Pandit Jawaharlal Nehru Marg,
Bhubaneswar – 751001, Odisha, India.*

- Sending an e-mail to a secured mail ID,

cmauditcommittee@paraphos.com OR
ombudsperson@paraphos.com

*The envelope containing Protected Disclosure should be marked
as "Strictly Confidential - To be opened by addressee only".*

2.4 Investigation Process

The Mechanism provides for an investigation and resolution process in the following manner :

- 2.4.1 All complaints received under this Mechanism will be reviewed by Ombudsperson or Chairman of the Audit Committee, as the case may be. If initial enquiry by the Ombudsperson or Chairman of the Audit Committee, indicates that concern or grievance has no basis or it is not a matter to be investigated under this Mechanism, it may be dismissed at this stage and the decision will be documented. All such cases will be reported to the Audit Committee in its next Meeting.
- 2.4.2 Where initial enquiry indicates that further investigation is necessary, the Ombudsperson will forward such complaints to the Chairman of the Audit Committee for referring it to further



investigation. In case a complaint is received directly by the Chairman of the Audit Committee hereof or through Ombudsperson, the Chairman may refer it for further investigation.

2.4.3 The Chairman of the Audit Committee may appoint an Investigator, either internal or external or may constitute an Investigation team for investigating the complaints received under this Mechanism and such Investigator shall submit his / her/ their report to the Chairman of the Audit Committee. The Investigator/ Investigating Team may be assisted by the Ombudsperson in an investigation.

2.4.4 Type of investigation

The type of investigation will depend upon the nature of the Protected Disclosure. The matters raised may be :

- i) Investigated internally through internal investigator/ investigating team
- ii) Referred to an external investigator
- iii) The investigation is to be treated as a neutral fact-finding process
- iv) The outcome of the investigation may or may not support the conclusion of the Complainant that an Infringing Action was committed.

2.4.5 Documentation & Reporting

The Ombudsperson or the Chairman of the Audit Committee, as the case may be, will make a detailed written record of the Protected Disclosure. The record will include :



- a) Facts of the matter
- b) Whether the same Protected Disclosure has been raised previously and if so, the outcome thereof.
- c) Whether the same Protected Disclosure has been raised previously against the same Subject.
- d) The financial/other loss incurred/would have been incurred by the Company.
- e) Findings of the investigation.
- f) Recommendations on disciplinary/other action(s).

2.4.6 Decision

If an investigation leads the Audit Committee to conclude that one or more Infringing Actions has been committed, the Audit Committee shall decide such disciplinary/corrective actions as the Committee may deem fit. The information for the same will be sent to the Ombudsperson.

2.4.7 Any disciplinary/corrective action initiated against the Subject as a result of the findings of an investigation shall be in accordance with the applicable personnel conduct and disciplinary procedures / policies.

2.4.8 Reporting and Retention of Documents

The Audit Committee shall submit a report to the Board of the Company on a regular basis about all Protected Disclosures referred to them together with the results of the investigation, if any.

The related documents need to be preserved for minimum of five years from the date of final reporting.



2.5 Protection / Immunity

- The process is designed to offer protection to whoever discloses concerns regarding fraud or suspected fraud to the Ombudsperson/ Chairman of the Audit Committee, provided the disclosure is made in good faith and the alleged action or non-action constitutes a genuine and serious breach as is laid down in this Mechanism.
- A Complainant is a person who has come to the decision to express a concern regarding possible fraud. The Mechanism requires that there be a genuine doubt and the person making the complaint is not expected to produce unquestionable evidence in support of the allegation. The Company has an obligation to ensure that a Complainant who makes a disclosure in good faith and without malice is protected, regardless of whether or not the concern raised is ultimately found to be correct. No action will be taken against the Complainant when an allegation made in good faith is not confirmed by subsequent investigation.
- Protection shall be given to Complainant 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 Complainant's right to continue to perform his duties / functions including making further Protected Disclosure.
- If the Complainant is required to be a witness in criminal proceedings, the Company shall arrange for legal advice and physical protection to the Complainant.



- The identities of Complainant and subject shall be kept confidential to the extent possible, subject to the needs of the investigation or law.
- Any other employee assisting in the said investigation shall also be protected to the same extent as the Complainant.

2.6 Exceptions and Disqualifications

2.6.1 Exceptions

- Any complaint or submission made under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 will be out of scope of this Mechanism and all such matters should be directed for submission to the concerned Internal Complaints Committee of the Company formed for this purpose.
- Any matter related to interpersonal issues, service conditions, organizational policies, terms and conditions of employment, etc. should be reported through the existing organizational channels addressing such concerns.

2.6.2 Disqualifications

The following instances would constitute a violation of this Vigil Mechanism :



- Bringing to light personal matters regarding another person, which are in no way connected to the Organization.
- Reporting information which, he/ she does not have an authorization to access.
- While it will be ensured that genuine Complainants are accorded complete protection from any kind of unfair treatment as set out herein, any abuse of this protection will warrant disciplinary action.
- Protection under this Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a Complainant knowing it to be false or bogus or with a malafide intention.
- In case a Complainant makes repeated Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, the Audit Committee may take suitable action against such Complainant including reprimand.
- Actions against such violations could range in their severity, if necessary, even extending up to termination of one's employment / contract / association with the Organization.



Section 3 : Implementation Mechanism

3.1 Roles & Responsibilities

Audit Committee -

- Review of the Vigil Mechanism and any amendments to the Mechanism thereof, before placing the same before the Board for approval.
- Appointment of Ombudsperson, Investigator/ Investigating Team.
- Defining the Roles and Responsibilities of the Investigator / Investigating Team and Ombudsperson.
- Determine implication of investigation findings.
- Report findings of investigation to the Board of Directors or External Auditors (if required).

Complainant -

- Report any fraud or suspected fraud in accordance with this Mechanism.
- Co-Operate with investigating authorities during the course of investigation.
- Maintaining full confidentiality of the fraud reported to the Ombudsperson/ Chairman of the Audit committee subject to the need of the investigation or law.
- Be a witness for criminal proceedings reported in the court of law.
- Not to make frivolous, petty or false reports to the Ombudsperson.



Ombudsperson -

- Overseeing the implementation and review of the Vigil Mechanism.
- Provide details of all frauds and suspected frauds reported during each quarter to the Audit Committee.
- Overseeing the investigation process and assist in appointment of an internal or external investigation team to conduct an investigation.
- Assist Investigating team to conduct investigation.
- Report the findings of the Preliminary Investigation to the Audit Committee.

Investigation Teams -

- Derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- Perform investigations that shall be independent and unbiased both in fact and as perceived.
- Shall possess a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal professional standards.
- Upon completion of the investigation to hand over the investigation documents to the Audit committee.

Subject -

- Subjects have a duty to co-operate with the Ombudsperson/Audit Committee or any of the investigation teams during investigation to



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the extent that such co-operation sought does not merely require them to admit guilt.

- 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.

Employees -

- Maintain high standards of personal integrity.
- Inform the Ombudsperson where he/she believes that there is an opportunity for fraud or any fraudulent act has taken place.
- Assist in any investigations by making available relevant information and by co-operating in interviews.

3.2 Confidentiality

All concerns and issues raised under this Mechanism shall be treated in a confidential manner except to the extent necessary to conduct a complete, fair and effective investigation. Similarly, the identities of the Complainant, Subject and the documents related to Protected Disclosure and investigation thereof shall be treated with confidentiality at all times and shall only be disclosed to the investigating team / Disciplinary Committee or such other person, if required, for facilitation of proper investigation.



