VIGIL MECHANISM AND WHISTLE BLOWER POLICY

(Approved by the Audit Committee held on 25.08.2017, and Board of Directors in its 287th Board meeting held on 30.08.2017)

1. Preface

Kerala Small Industries Development Corporation (Kerala SIDCO) ("the Company") believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has now adopted the fair practices in line with Government rules, norms and directions from time to time, which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of these, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of employees in pointing out such violations of the rules cannot be undermined.

2. Formation

Section 177 of the Companies Act, 2013 mandates that every listed company, shall establish a vigil mechanism for Directors and employees to retort genuine concerns in such manner as may be prescribed and there shall be adequate safe guards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee or a person authorized by the Chairperson in appropriate cases.

As a Company under the Government of Kerala, the Audit Committee has been mandated by the State and the Company decides to have this Whistleblower Policy as a practice of good governance.

Accordingly, this Whistleblower Policy ("the Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company and also the suppliers and industrialists to approach the Chairperson of the Audit Committee of the Company or a person authorised by the Chairperson, directly.

3. Provision

“Every employee of a company shall promptly report to the management, when she / he becomes aware of any actual or possible violation of the rules or an event of misconduct, act of misdemeanor or act not in the company’s interest. Such reporting shall be made available to suppliers and industrialists in the estates developed and maintained by the Company.
4. Definitions

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

a. “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.

b. “Authorised person” means a person authorized by the Chairperson of the Audit Committee to act on behalf of him, the name of whom will be disclosed in the Audit Committee and to be published along with this policy. The Chairperson of the Audit Committee shall have the right to nominate or change the authorized person.

c. “Director” means director on the board of the Company

d. “Employee” means every employee of the Company, including the Directors in the employment (if any) of the Company.

e. “Industrialists” means promoters/owners of units in the Industrial Estates developed and maintained by SIDCO.

f. “Investigators” means those persons authorised, appointed, consulted or approached by the Chairperson of the Audit Committee and includes the auditors of the Company and the police.

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

h. “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.

i. “Supplier” means a person who represents the firm/company/unit which supplied anything to SIDCO involving a financial transaction.

j. “Whistleblower” means a Director or an Employee making a Protected Disclosure under this Policy.
5. Scope

i. Any employee or Director can choose to make a protected disclosure under the whistleblower policy of the company, providing for reporting to the Chairperson of the audit committee or the person authorized by the Chairperson. Such a protected disclosure shall be forwarded, when there is reasonable evidence to conclude that a violation is possible or has taken place, with a covering letter, which shall bear the identity of the whistleblower.

ii. Any supplier or industrialist in any of the units under the industrial estates developed and maintained by SIDCO or any stake holder of the company can also choose to make a protected disclosure as 5 (i) above.

iii. The company shall ensure protection to the whistleblower and any attempts to intimidate him/her would be treated as a violation of the Policy.

iv. The Whistleblower’s role is that of a reporting party with reliable information of a genuine concern. They are neither required to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action(s) that may be warranted in any given case.

v. Whistleblowers should neither 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 Chairperson of the Audit Committee or the person authorized by the Chairperson or the Investigators.

vi. Protected Disclosure will be appropriately dealt with by the Chairperson of the Audit Committee or the person authorized by the Chairperson, as the case may be.

4. Eligibility

All Directors, Employees of the Company, Suppliers of SIDCO and Industrialists are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or any subsidiary of the Company. It may also be relating to the misconduct of any employees or officers of SIDCO (in case of disclosures by supplier or industrialists).
5. Disqualifications

i. 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.

ii. 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 intent.

iii. 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. In respect of such Whistleblowers, the Audit Committee would reserve its right to take/recommend appropriate disciplinary action, which could include reprimand.

6. Procedure

i. All Protected Disclosures concerning financial/accounting matters or concerning any Directors or employees at all levels should be addressed to the Chairperson of the Audit Committee for investigation in a sealed envelope.

ii. The envelope can be deposited with the Chairperson directly or the person authorized by the Chairperson.

iii. If the person authorized by the Chairperson accepts any protected disclosures, the same shall be immediately communicated to the Chairperson of the Audit Committee and act accordingly as per the directions thereof.

iv. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistleblower. The Chairperson of the Audit Committee / authorized person, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

v. If a protected disclosure is received by any Directors/Employees of the Company other than Chairperson of Audit Committee or the person authorized by the Chairperson, the same should be forwarded to the Chairperson of the Audit Committee or the person authorized by him/her for further appropriate action. Appropriate care must be taken to keep the identity of the Whistleblower confidential.
vi. Protected Disclosures should preferably 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 Malayalam.

vii. 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.

viii. The Whistleblower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. *Anonymous disclosures will not be entertained* as it would not be possible to interview the Whistleblowers.

ix. The contact details of the Chairperson of the Audit Committee and the person authorized by the Chairperson shall be disclosed along with this Policy in the web site of the Company and in the Board’s Report.

7. Investigation

i. All Protected Disclosures reported under this Policy will be investigated by the Chairperson of the Audit Committee or the authorized person. The report of the same will be discussed in the Audit Committee. If any member of the Audit Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and the other members of the Audit Committee should deal with the matter on hand. The Chairperson of the Audit Committee may at his/her discretion, consider involving any Investigators for the purpose of investigation.

ii. The decision to conduct an investigation taken by the Chairperson of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not necessarily support the conclusion of the Whistleblower that an improper or unethical act was committed.

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

iv. 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.

v. Subjects shall have a duty to co-operate with the Chairperson of the Audit Committee or the authorized person or any of the Investigators during the investigation, to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
vi. Subjects have a right to consult with a person or persons of their choice, other than the Chairperson of the Audit Committee, authorized person, Investigators or members of the Audit Committee and/or the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.

vii. 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.

viii. 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. However, Subjects may not have access to the investigation report. No allegation of Wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

ix. 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.

x. The investigation shall be completed normally within 60 days of receipt of the Protected Disclosure

8. Protection

i. No unfair treatment will be meted out to a Whistleblower by virtue of his/her having reported a Protected Disclosure under this Policy.

ii. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistleblowers. Complete protection will, therefore, be given to Whistleblowers 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 Whistleblower’s right to continue to perform his/her duties/functions including making further Protected Disclosure.

iii. The Company will take steps to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc.
iv. A Whistleblower may report any violation of the above clause to the Chairperson of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.

v. The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under law. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Chairperson of the Audit Committee or authorized person (e.g. during investigations carried out by Investigators).

vi. Any other Employee(s) assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

vii. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair practice being adopted against the Whistleblowers from among the suppliers/industrialists while conducting business with the Company.

viii. The Whistleblowers from among the suppliers/industrialists shall be protected from any retaliation, threat or intimidation of untimely termination/suspension of their contracts/orders, refusal from issuance of ‘RFQ (Request For Quotation)’ to them, or any direct or indirect use of authority to obstruct the Vendor Whistleblower from continuing to execute their jobs, including making further Protected Disclosures.

ix. Should, in spite of best efforts by the Company, the identity of such Whistleblowers as specified in 8.(vi) and (vii) above, become known during the investigation, the Head Procurement and the Head of the concerned user departments, shall ensure that the Whistleblower, is provided with all the assistance required to execute existing orders.

9. Investigators

i. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Chairperson of the Audit Committee or the authorized person when acting within the course and scope of their investigation.

ii. Technical and other resources may be drawn upon as necessary to augment effectiveness of the investigation. All Investigators shall be independent and unbiased, both in fact and be perceived as such. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.

iii. Investigations will be launched only after a preliminary review, which establishes that:

   a. the alleged act constitutes an improper or unethical activity or conduct, and
b. 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

i. If an investigation or the domestic enquiry leads the Chairperson or the authorized person or the Committee to conclude that an improper or unethical act has been committed, the Committee shall recommend to the management to take disciplinary or corrective action as deemed fit.

ii. Chairperson then has to table all such cases to the Audit Committee. Audit Committee will take note of the disciplinary or corrective action taken based on the Consequence Management Framework approved by the Audit Committee or in exceptional cases advises the management to take suitable action against the concerned Director or employee.

11. Reporting

i. The Chairperson or authorized person 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.

ii. The Chairperson or the authorised person can recommend to the Audit Committee for not disclosing all or some of matters to the Board, if he/she thinks that the disclosure will adversely affect the investigation.

iii. The Chairperson or the authorized person can also recommend not to disclose the name of the whistleblower to the Board of Directors while presenting the case or minutes of the Audit Committee.

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. The records shall be maintained with the authorised person in the Company under the safe custody.

13. Amendment

i. The Company reserves its right to amend or modify this Policy either in whole or in part, 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 notified to the Directors and Employees in writing.
ii. Head of Procurement, marketing and Industrial Estates shall ensure that an approved copy of this Policy and its subsequent amendments if any, are notified in writing/ via email, to all the suppliers/industrialists of the Company.

14. Whistleblower Recognition and Reward for the Employees

In continuation with the Whistleblower Policy for Directors & Employees and in order to encourage more and more courageous whistleblowers in the organization, it is decided that Whistleblowers from among the Directors and Employees will be rewarded/recognized for genuinely blowing the whistle on misconduct.

The list of misconduct/unethical activities includes, but is not limited to, the following:

- Taking or giving bribes
- Taking or giving any facilitation payments
- Having Concurrent employment
- Misusing/ leaking confidential information
- Misusing personal position/power to influence Company policies and procedures
- Misusing Company property or facility
- Not declaring conflict of interest
- Causing harassment including sexual harassment
- Giving false declaration for obtaining benefit from the Company, including CTC/salary related claims Certifying fake or inflated bills/jobs
- Manipulating contracts and/or invoices to obtain undue advantage for oneself or providing any undue advantage to vendors/contractors, thereby causing financial loss to the Company

The contact details of the Chairperson of the Audit Committee and of the Authorised Person of the Company are as under:

Chairperson of the Audit Committee :

Shri. A. Ajith Kumar,  
Deputy Secretary,  
Finance Department  
Government Secretariat  
Thiruvananthapuram

Contact No: 9495616876  
E-mail : aajithkumar1972@gmail.com

Authorised person :

No person is nominated as the Authorized person by the Chairperson of the Audit Committee for the time being.