

## **WHISTLE BLOWER POLICY & VIGIL MECHANISM**

### **1. Preamble**

As per Section 177 of the Companies Act, 2013 and Rules made there under read with Clause 49 of the Listing Agreement, a Whistle Blower Policy & Vigil Mechanism (the Policy) for Directors and the Employees to report their genuine concerns relating to any matter that could affect the interest of the Company has been established and will be overseen by the Audit Committee.

### **2. Purpose and Scope**

2.1 The Company believes in the conduct of its business affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity, ethical behaviour and prudent commercial practices and is committed to compliance with all applicable laws, rules and regulations.

2.2 The objectives of the Policy are as follows:

- To provide an avenue to raise concerns, in line with the commitment of the Company's philosophy of following the highest possible standards in compliance to the Code of Conduct.
- To open a communication and alarm process to address issues regarding the Company's business integrity.
- To provide necessary safeguards for the protection of employees from retaliation for whistle blowing in good faith.

2.3 To detect, correct and prevent improper practices, such term being defined as "Reportable Incidents" (actual or suspected) that:

- (i) are not in line with applicable Company policy and philosophy;
- (ii) are unlawful;
- (iii) amount to serious improper or unethical conduct;
- (iv) constitute breaches of social and professional etiquette or constitute morally offensive behaviour or
- (v) may constitute violations of law.

2.4 To protect the Company, its Directors and Employees against fraudulent or frivolous allegations that may be made by persons with an ulterior motive.

### 3. **Applicability**

The Policy extends to all the offices/factories of the Company and is available only to the Employees in service and Directors during their tenure on the Board.

### 4. **Definitions**

- a. **Act** means the Companies Act, 2013 and Rules made thereunder.
- b. **Audit Committee** means the Committee of Directors constituted pursuant to the provisions of the Act and the Listing Agreement.
- c. **Board** means the Board of Directors of the Company.
- d. **Classified Report** means a written communication by any Employee or a Director of the Company disclosing any Reportable Incident referred to under Clause 4.I.
- e. **Code** means the Code of Conduct for the Directors and the Code of Conduct for the Senior Management Personnel as published in the website of the Company and includes the Code for Prevention of Insider Trading framed by the Company.
- f. **Company** means Southern Petrochemical Industries Corporation Limited (SPIC)
- g. **Defendant** means the person against whom any classified reporting is made by a Whistle Blower.
- h. **Employee** means all the Employees and the Executive Directors in service with the Company.
- i. **Facilitator** means an Officer of the Company nominated by the Audit Committee to receive Classified Reports from Whistle Blowers, present the same to the Audit Committee for consideration and action and maintain the records thereof.
- j. **Listing Agreement** means the agreement entered into by the Company with the Stock Exchanges for listing the securities of the Company and any statutory modification thereof.
- k. **Mechanism** means the Vigil Mechanism established by the Company pursuant to this Policy.

- l. **Reportable Incidents** means malpractices, such as misuse or abuse of authority, fraud, violation of internal regulations, manipulations, suppression of facts from the Management for personal gains or otherwise, wilful negligence causing danger to the Company and/or public health and safety, misappropriation of monies and other resources of the Company and similar other matters or actions/inactions that adversely affect the Company and its operations. The Whistle Blower can report malpractices which have taken place or suspected to have taken place.
- m. **Service Rules** means the Rules applicable to the employees and includes the Standing Orders and Code as applicable.
- n. **Whistle Blower** is a person who makes a Classified Report under this Mechanism, who could be an Employee, Director, Vendor, Customer, Business Partner, Supplier and Dealer of the Company.

## 5. **Open Door Policy**

“Open Door Policy” (ODP) recommends that employees first discuss any issue or concern with their supervisor, the next level of supervision or the local human resources representative. The purpose of the Open Door Policy is to encourage open communication, feedback and discussion about any matter of importance to an employee, allowing communication to take place from the bottom levels to its top. Employees should ‘blow the whistle’ only if they have used the open door method and are dissatisfied with the outcome OR if they have a fear of retaliation for reporting misconduct through the open door procedure.

## 6. **Receipt of Classified Reports**

- 6.1 All Classified Reports shall be submitted in writing by the Whistle Blower as soon as possible after he becomes aware of the Reportable Incident(s). The reporting shall be made within a period of 90 days of the incident to afford a reasonable investigation of the same. However, the Audit Committee, may, at its sole discretion, accept the report received even after the said period for further action.

- 6.2 The same shall be hand written or type written in Tamil or in English and duly signed by the person raising the issue. The Whistle Blower may attach documents, if any, he considers appropriate in support of the incident.
- 6.3 The Classified Report shall be submitted in a closed envelope and super scribed as “Classified Report under the Whistle Blower Policy of SPIC”. The envelope containing the Classified Report may be deposited in the boxes provided at the conspicuous place in the Principal Office / Factory of the Company and addressed to the Facilitator, Vigil Mechanism, SPIC. The date of deposit in the box may be written on the envelope.
- 6.4 The said boxes will be double-locked and one set of keys will be kept with the Facilitator and another with the Security Officer of the place where such boxes are kept.
- 6.5 The Whistle Blower shall make out a simple covering letter mentioning his name, title, Employee No. (if applicable) and personal contact details stating that he is making a Classified Report under the Mechanism. The letter shall be signed and dated by hand. Affixing any seal or any other type of authentication is not permissible.
- 6.6 In order to protect the identity, the Whistle Blower is advised not to mention the name or any other personal details in the Classified Report or on the envelope. If the Classified Report is not submitted as stated above, it may not be possible for the Audit Committee to afford protection to the Whistle Blower, as envisaged under the relevant law and under this Mechanism. No further correspondence shall be made by the Whistle Blower either with the Facilitator or any other person in this regard. For any further clarification or information, the Whistle Blower will be contacted in such manner as may be deemed fit by the person(s) in charge of disposing off the complaint.
- 6.7 The Whistle Blower shall also send classified Report through designated E-mail Id, which will be communicated by a Circular in the Notice Board.

## **7. Manner of investigation of Classified Reports**

- 7.1. The boxes referred to under Clause 6 shall be opened by the Facilitator in the presence of the Security Officer every fortnight at appointed hours and the same be recorded in a separate register and signed by the Facilitator and the Security Officer.

- 7.2. The Facilitator shall forward the Classified Report to the Chairman of the Audit Committee or any other Member of the Committee nominated in this regard. The entries shall be made chronologically and an identification number be allotted for each such Report. The said number shall be mentioned on the envelope containing the Report. The Facilitator shall make sure that the envelope containing the Classified Report is not tampered with and delivered for further action by the Chairman or as the case may be the designated Member of the Audit Committee.
- 7.3. In order to protect the identity of the Whistle Blower, the Chairman or as the case may be the Designated Member of the Audit Committee shall detach the covering letter and process only the Classified Report.
- 7.4. On receipt of the Classified Report, the Chairman or as the case may be the Member of the Audit Committee may contact the Whistle Blower to ascertain from him whether he is the person who has made the Report. He may also seek other information to determine the genuineness of the Classified Report and seek such other information as he may deem fit for taking appropriate decisions on the Report.
- 7.5. The Chairman or as the case may be, the Member of the Audit Committee shall carry out initial investigation on the matter reported either by himself or through any official of the Company or any other outside agency.
- 7.6. Upon completion of the initial investigation, the matter is to be referred to the Audit Committee for determining the further course of action. The Audit Committee may call for further information from the Whistle Blower, before taking a decision on the same.

## **8. Enquiry into Classified Reports**

- 8.1. If the initial inquiry report reveals a prima facie case, the Audit Committee shall initiate action for a thorough investigation of the matter. For this purpose the Audit Committee may designate any Officer or a Director of the Company or any outside agency to carry out the investigation.
- 8.2. The conduct of the investigation shall not be construed as an adverse action on the Defendant, but shall be carried out only as a fact finding exercise.

- 8.3. The Audit Committee may, taking into account the seriousness of the incident, the position and authority of the Defendant, inform him about the proposal to carry out an investigation. However, if the Audit Committee is of the opinion that the Defendant is in a position to manipulate or tamper with the records and documents, it may proceed with the investigation in confidence.
- 8.4. The Defendant, where he is informed of the action, shall co-operate with the persons investigating the incident and shall not tamper or attempt to tamper with the evidence or other records under his custody.
- 8.5. No allegation of wrong doing against a Defendant shall be considered as maintainable unless the same is proved beyond doubt.
- 8.6. Where in the opinion of the Audit Committee the allegation by the Whistle Blower is proved, before submitting the final finding on the reported incident, the Audit Committee shall inform the Defendant about the same and provide an opportunity to him to offer his explanations. The response of the Defendant shall also be included in the final findings.
- 8.7. The investigation shall normally be completed within 90 days of receipt of the Classified Report by the Chairman or as the case may be the designated Member of the Audit Committee. In exceptional cases, for reasons to be recorded in writing, the Chairman of the Audit Committee may extend the period for completion of the investigation.

## **9. REPORTING OF FINDINGS AND ACTION THEREON**

- i) Where the allegations are not proved
  - a. The Audit Committee may summon the Whistle Blower and seek appropriate explanation for making unfounded allegations. The Whistle Blower shall be given an opportunity to adduce further evidence in the matter, which shall be considered by the Audit Committee. The final finding may be duly modified, if the allegations are proved based on such further information/evidence of the Whistle Blower and action as given under Clause 9(ii) shall apply.
  - b. The Audit Committee may, at its sole discretion, recommend that nothing shall be made public in the matter. However, the summary of the complaint, the action taken and the final finding shall be submitted to the Board in confidence.

- c. No adverse remark shall be made in the personal records of the Defendant and there shall be no reference to the incident in the relevant file.
  - d. Where it is shown that the allegations are false and made with ulterior motive by the Whistle Blower, the Audit Committee may reprimand the Whistle Blower OR recommend that severe action shall be taken in accordance with the rules, procedures and policies of the Company. The wrongful actions of the Whistle Blower shall be treated as a serious misconduct and dealt with in accordance with the applicable Service Rules.
- ii) Where the allegations are proved
- a. The Audit Committee shall make out a detailed report to the Board and recommend action to be taken in the matter. All documents and other evidences based on which the conclusion has been arrived at shall be submitted to the Board.
  - b. The Board of Directors shall consider and accept the findings of the Audit Committee and take appropriate actions as recommended by the Audit Committee.
  - c. The Board, may, at its sole discretion and if deemed appropriate, call the Whistle Blower, Defendant or such other person, including any third party and seek further explanations in the matter.
  - d. In case the Board of Directors disagrees with the final findings of the Audit Committee, for reasons to be recorded in writing it may order re-investigation of the matter in such manner as it may deem necessary. Suitable action will be taken based on the findings of such re-investigation.
  - e. Any decision on the Classified Report by the Board shall be final and binding on all concerned, except in cases where action is warranted and/or permitted under any other law for the time being in force.

## **10. Records and confidentiality**

All persons, including outside agencies, involved in the process shall:

- a. Maintain confidentiality of all references received under this Policy.
- b. Discuss only to the extent or with such persons as may be required for completing the process of investigations on the Classified Reports received under this Policy.

- c. Keep the papers and other documents, electronic or otherwise, safely and not allow access to any unconnected person.

## **11. Protection to the Whistle Blower**

- 11.1. The Company is against any kind of discrimination, harassment, victimization or any other unfair employment practice against Whistle Blowers. Therefore, complete protection would be given to the Whistle Blower against any such unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, denial of promotion and the like. Any direct or indirect use of authority by any person to prevent the rights of the Whistle Blower to perform his duties peacefully in the Company and/or to obstruct him from making similar disclosures under the Mechanism will be viewed seriously.
- 11.2. Any Whistle Blower who is victimized in violation of the above clause may report the same immediately to the Chairman of the Audit Committee who shall forthwith investigate the matter and advise actions for stopping such victimization and also to punish the person indulging in such victimization.
- 11.3. The identity of the Whistle Blower will be kept confidential as far as possible and to the extent permitted under law. In the event of any wilful leakage of the identity by any person other than the Whistle Blower, the Audit Committee is empowered to initiate appropriate action against the persons responsible for such disclosure.
- 11.4. Any other Employee assisting in the investigation into the complaint shall also be protected to the same extent as the Whistle Blower.
- 11.5. The Whistle Blower before making a Classified Report shall do so if and only if he has reasonable belief that there exists a reportable incident and that he is acting in good faith and in the larger interest of the Company. Any person who furnishes a Classified Report under this Mechanism with ulterior motives as assessed by the Audit Committee shall be liable for disciplinary action as per the Rules / certified standing orders of the Company. It may be noted that this Policy does not protect an employee from any adverse action taken independent of his furnishing a Classified Report and any action unrelated to any disclosure pursuant to this Mechanism.



## **12. Access to Chairman of the Audit Committee**

In exceptional cases, the Whistle Blower may send the Reportable Incident directly to Chairman of the Audit Committee and the Chairman of the Audit Committee is authorized to take appropriate action in such cases.

## **13. Miscellaneous**

### **13.1. Communication of the Policy/Mechanism**

As required under the Statute, the Policy shall be uploaded on the website of the Company. The Company has notified the employees about this by means of a Circular stating that the Policy is available on the website of the Company.

### **13.2. Preservation of records**

All Classified Reports received by the Company and the related documents shall be retained by the Company for a period of three years from the conclusion of the matter or such other longer period as may be prescribed under the relevant law.

### **13.3. Administration and review of the Policy**

The Mechanism shall be administered by the Audit Committee through such of the Officer of the Company as may be designated for this purpose.

Changes as may be necessary to the Policy can be made by the Audit Committee and implemented subject to the prior approval of the Board.

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