



BPCL-KIAL FUEL FARM PVT. LTD

VIGIL MECHANISM POLICY

Approved during the Board meeting held on 06 December 2021

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1. INTRODUCTION

BPCL-KIAL Fuel Farm Private Limited (BKFFPL), a Joint Venture of Bharat Petroleum Corporation Limited and Kannur International Airport Limited incorporated on 19.05.2015, as a private limited Company under the Companies Act, 2013.

2. PREFACE

2.1 BPCL-KIAL Fuel Farm Private Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

2.2 This Vigil mechanism Policy (herein after referred to as Policy) is formulated considering the requirements envisaged under the Corporate Governance Guidelines issued by Department of Public Enterprises (DPE) and in accordance with the Companies Act, 2013 and Rules made there under with the following objectives:

2.1 To provide an opportunity to all employees and directors an avenue, to raise Concerns and access to the Chairman of the Audit Committee.

2.2 To promote raising of Concerns in good faith to maintain highest possible standards of ethical, moral and legal business conduct and transparency.

2.3 To protect employees and directors, who raise Concern under this Policy in good faith, from reprisals or victimization and to prohibit managerial position from taking any adverse personal action against such employees and directors.

2.4 The Vigil mechanism is intended for reporting of Concerns about unethical behavior, actual or suspected fraud, or violation of the company's general guidelines on conduct or ethics policy within the business of RINL and not for general business complaints or product related issues or grievances about an employee's personal employment situation.

2.5 In case of repeated frivolous complaints being filed by a director or an employee, the Audit Committee may take suitable action against the concerned director or employee including reprimand.

2.6 According to the provisions and Act and rules the companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee. In case of other companies, the Board of directors

shall nominate a director to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.

2.7 A vigil mechanism not only helps to detect fraud in organizations, but is also used as a corporate governance tool, which prevents and deters fraudulent activity.

2.8 Accordingly, this Vigil Mechanism has been formulated with a view to provide a mechanism for Directors and Employees of the Company to report their genuine concerns or grievances in such manner as provided in the Policy and to approach the Nominated Director in exceptional cases.

2.9 The Policy is approved by the Board of Directors of the Company at its meeting held on 06 December 2021 and shall effective from 06 December 2021.

For the sake of absolute clarity, it is specified that the Policy does not tantamount, in any manner, to dilute Vigilance mechanism already available in BKFFPL. Any Protected Disclosure made by an employee under this policy, if perceived to have a vigilance angle, shall also be referred to the Chief Vigilance Officer, BKFFPL (herein after referred to as CVO) for further course of action.

3. POLICY OBJECTIVES

3.1 In line with the commitment and statutory requirement, BKFFPL has established Vigil Mechanism for the same.

3.2 This Vigil Mechanism has been framed with a view to provide a mechanism for Directors and employees of BKFFPL to report genuine concerns about unethical behaviour, actual or suspected frauds, any violations of legal/regulatory requirements or policy of the Company, incorrect or misrepresentation of any financial statements and reports etc.

3.3 The purpose of this Policy is to encourage BKFFPL's employees and Directors who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The policy aims to provide an opportunity for employees and Directors to raise concerns and reassure them that they will be protected from reprisals or victimization for whistle blowing in good faith.

3.4 Vigilance Angle: Vigilance angle is obvious in the following acts: -

(i) Demanding and/or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official;

(ii) Obtaining valuable thing, without consideration or with inadequate consideration from a person with whom he has or likely to have official dealings or his subordinates have official dealings or where he can exert influence;

(iii) Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a public servant;

(iv) Possession of assets disproportionate to his known sources of income;

(v) Cases of misappropriation, forgery or cheating or other similar criminal offences;

(vi) Gross or willful negligence; recklessness in decision making; blatant violations of systems and procedures; exercise of discretion in excess, where no ostensible public interest is evident; failure to keep the controlling authority/ superiors informed of required transactions and issues in time; cause of undue loss or a concomitant gain to an individual or a set of individuals/ a party or parties;

(vii) Any undue/ unjustified delay in the disposal of a case, perceived after considering all relevant factors, would reinforce a conclusion as to the presence of vigilance angle in a case;

(viii) Administrative misconduct such as lack of punctuality, drunken behaviour at work, insubordination, etc. Absence of vigilance angle in various acts of omission and commission does not mean that the concerned official is not liable to face the consequences of his actions. All such lapses not attracting vigilance angle would, indeed, have to be dealt with appropriately as per the disciplinary procedure of the Company.

Absence of vigilance angle in various acts of omission and commission does not mean that the concerned official is not liable to face the consequences of his actions. All such lapses not attracting vigilance angle would, indeed, have to be dealt with appropriately as per the disciplinary procedure of the Company.

3.5 The purpose of vigilance activity is not to reduce but to enhance the level of managerial efficiency and effectiveness in the organisation. Commercial risk-taking forms part of business. Therefore, every loss caused to the organisation, either in pecuniary or non-pecuniary terms, need not necessarily become the subject matter of a vigilance inquiry.

3.6 It would be quite unfair to use the benefit of hind-sight to question the technical merits of a managerial decision from the vigilance point of view. At the same time, it would be unfair to ignore motivated or reckless decisions, which have caused damage to the interests

of the Company. Therefore, a distinction has to be made between a business loss which has arisen as a consequence of a bona-fide commercial/ operational decision, and an extraordinary loss which has occurred due to any malafide, motivated or reckless performance of duties. While the former has to be accepted as a normal part of business and ignored from the vigilance point of view, the latter has to be viewed adversely and dealt with under the extant disciplinary procedures.

3.7 Vigilance investigation on a complaint would not be called for on the basis of a mere difference of opinion/ perception or an error of judgment simpliciter or lack of efficiency or failure to attain exemplary devotion in the performance of duties. Such failures may be a matter of serious concern to the Company but not from the vigilance point of view. They have to be dealt with separately.

4. DEFINITIONS :

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

4.1 “Board” means the Board of Directors of the Company.

4.2 “Company” means the “BPCL-KIAL Fuel Farm Private Limited” and all its offices.

4.3 “Counsel” means a person who gives advice to the Company and deals with various issues, particularly in legal matters of the Company and shall include an ex-employee of BPCL/ KIAL or other professional having such an experience of more than 10 years in dealing with legal matters in similar area.

4.3 “Director” means every Director of the Company Nominated by the promoters.

4.4 “Employee” means every employee of the Company including deputationists from promoters.

4.5 “Ethics Counsellor” means an officer appointed to receive Protected Disclosures from Whistle Blowers, maintaining records thereof, placing the same before the Board for its disposal and informing the Whistle Blower the result thereof.

The Shri. Sandeep Kumar, Company Secretary of the Company shall act as “Ethics Counsellor” of the Company.

4.6 “Investigators” mean those persons authorised, appointed, consulted or approached by the Ethics Counsellor/ the Nominated Director including the Auditors of the Company and the Police. For the sake of clarity, external Investigator shall mean those persons who are not a past/ present employee, officer or Director of the Company but shall include past Directors/ officers of BPCL/ KIAL.

4.7 “Protected Disclosure” means a written communication made in good faith by Director, employee or group of employees that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or any improper activity with respect to the Company. However, the protected Disclosure should be factual and not speculative or in the nature of an interpretation/conclusion 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 “Whistle Blower” is an employee/director or group of employees/ directors who make a Protected Disclosure under this Policy and also referred to in this policy as complainant.

4.10 “Nominated Director” means the Director appointed by the Board of Directors to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns in pursuance of Rule 7(3) of the Companies (Meetings of Board and its powers) Rules 2014.

5. SCOPE

The employees and directors of BKFFPL are eligible to make Protected Disclosures under the Policy. An employee/director can avail of the channel provided by this Policy for raising an issue covered under this Policy.

The Policy covers malpractices and events which have taken place/suspected to take place including but not limited to the following:

- Abuse of authority/ misuse of Power
- Breach of contract

- Negligence causing substantial financial loss and specific danger to public health and safety
- Manipulation of BKFFPL data/records/accounts/reports
- Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
- Any unlawful act whether Criminal/ Civil
- Pilferage of confidential/propriety information
- Deliberate violation of law/regulation
- Misappropriation of funds/assets
- Deliberate violation of Rules/Code of Conduct/Policy
- Any matter or activity on account of which the interest of the Company is affected

However, this policy neither releases employees/directors 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 against people in authority and / or colleagues in general. Further, it should not be used as a route for taking up a grievance about a personal situation.

6. ELIGIBILITY

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

7. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES

7.1 All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English/Hindi or regional language of the place of employment of the whistle blower.

7.2 The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as **“Protected disclosure under the Vigil mechanism policy”**.

Alternatively, the same can also be sent through email with the subject **“Protected disclosure under the Vigil mechanism policy”**.

7.3 In order to protect identity of the whistle blower, the Ethics Counsellor /Nominated Director will not issue any acknowledgement to the complainant(s) and the complainant are advised neither to write their name/address on the envelope nor to enter into any further correspondence. The Ethics Counsellor / Nominated Director shall assure that in case any further clarification is required they will get in touch with the complainant.

7.4 Unidentified/Anonymous/Pseudonymous disclosure shall not be entertained by the Ethics Counsellor / Nominated Director.

7.5 The Protected Disclosure should be forwarded under a covering letter signed by the complainant i.e. the Protected Disclosure and its covering letter should be separate to ensure that the identity of the Complainant remains secured and confidential. The Protected Disclosure should not be signed by the Complainant. The Ethics Counsellor / Nominated Director, as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

7.6 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.

7.7 All Protected Disclosures should be addressed to the Ethics Counsellor of the Company or to the Nominated Director, as stated below:-

a) Any Protected Disclosure against any employee of the Company shall be addressed to the Ethics Counsellor of the Company.

b) Any Protected Disclosure against any Directors/ Ethics Counsellor of the Company (except the Nominated Director) should be addressed to the Nominated Director.

c) Any Protected Disclosure against the Nominated Director should be addressed to the Ethics Counsellor of the Company.

7.8 The contact details of the Ethics Counsellor and the Nominated Director are as under:-

Ethics Counsellor:-

Shri. Sandeep Kumar P

BPCL-KIAL Fuel Farm Pvt. Ltd

Nominated Director:-

Jayakrishnan S.

7.9 On receipt of the Protected Disclosure, the Ethics Counsellor / the Nominated Director, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the Whistle Blower whether he was the person who made the Protected Disclosure or not. The record will include:

- Brief facts;
- Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- Details of actions taken by Ethics Counsellor / Nominated Director for processing the said complaint;
- Findings of the Nominated Director and Board on the said complaint;
- The recommendations of the Board/other action(s) on said complaint.

The Ethics Counsellor / Nominated Director, if deems fit, may call for further information or particulars from the Whistle Blower.

8. INVESTIGATION/DECISION AND REPORTING

8.1 Any Protected Disclosure against any employee of the Company:-

- a.** All Protected Disclosures reported under this category will be recorded and thoroughly investigated by the Ethics Counsellor.
- b.** Ethics Counsellor, if found the need of further investigations through investigators, will investigate/oversee the investigations after the authorization of the Nominated Director.
- c.** Technical and other resources may be drawn upon as necessary to augment the investigation.
- d.** All external Investigators shall be independent and unbiased both in fact and as perceived.
- e.** The decision to conduct an investigation is by itself not an allegation and is to be treated as a neutral fact finding process.
- f.** Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- g.** Subject(s) shall have a duty to co-operate with the Ethics Counsellor or any investigators appointed by them in this regard.
- h.** Subject(s) have a right to consult with a person or persons of their choice, other than the Ethics Counsellor /Nominated Director/Investigators. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- i.** Subject(s) have a right to be heard and the Ethics Counsellor must give adequate time and opportunities for the subject to communicate his/her say in the matter.
- j.** Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s). During the course of the investigation, if it is anticipated by the Ethics Counsellor that the Subject(s) may in any manner interfere with the investigation, the Subject(s) may be directed to abstain from performing the regular duties till such time as it is deemed necessary by the Ethics Counsellor.

- k. Unless there are compelling reasons not to do so, subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- l. Subject(s) have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject(s) should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject(s) and the Company.
- m. The Ethics Counsellor shall complete the investigation normally within 60 days of the receipt of the Protected Disclosure and is extendable by such period as the Board deems fit and the investigation report shall submitted to the Nominated Director with in such time.
- n. If the nominee Director concludes that an improper or unethical act has been committed, he shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.
- o. For the purpose, the Nominated Director along with the report of external Investigators, if referred to external Investigators, shall submit a report to the Board of Directors.
- p. 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 CDA rules of BKFFPL.

8.2 Any Protected Disclosure against any Directors/ Ethics Counsellor of the Company:-

- a. All Protected Disclosures reported under this category will be recorded and thoroughly investigated by the Nominated Director.
- b. The Nominated Director, if deem fit may call for involving other investigators either by forming a special Purpose Committee or investigators for the purpose of investigation.
- c. Technical and other resources may be drawn upon as necessary to augment the investigation.
- d. All external Investigators shall be independent and unbiased both in fact and as perceived.

- e. The decision to conduct an investigation is by itself not an allegation and is to be treated as a neutral fact finding process.
- f. Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- g. Subject(s) shall have a duty to co-operate with the Nominated director or any investigators appointed by them in this regard.
- h. Subject(s) have a right to consult with a person or persons of their choice, other than the Ethics Counsellor /Nominated Director/Investigators. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- i. Subject(s) have a right to be heard and the Nominated Director must give adequate time and opportunities for the subject to communicate his/her say in the matter.
- j. Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).
- k. Unless there are compelling reasons not to do so, subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- l. Subject(s) have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject(s) should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject(s) and the Company.
- m. The Nominated Director shall complete the investigation normally within 60 days of the receipt of the Protected Disclosure and is extendable by such period as the Board deems fit.
- q. If the nominee Director concludes that an improper or unethical act has been committed he shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.

- r. For the purpose, the Nominated Director along with the report of external Investigators, if referred to external Investigators, shall submit a report to the Board of Directors.
- s. 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 CDA rules of BKFFPL in case of Protected Disclosure against Ethics Counsellor.

8.3 Any Protected Disclosure against the Nominated Director:-

- a. All Protected Disclosures reported under this category will be forwarded to the Board by the Ethics Counsellor for deciding the course of action.
- b. If the Board concludes that an improper or unethical act has been committed, Board can take such disciplinary or corrective action as it may deem fit.
- c. 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.
- d. Subjects have a right to be informed of the outcome of the investigation.
- e. 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.

9. SECRECY / CONFIDENTIALITY

The Whistle Blower, Ethics Counsellor, Members of Board, the Subject(s) 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 on need to know basis.
- Not keep the papers unattended anywhere at any time
- Keep the electronic mails (email) / files under password

10. PROTECTION

10.1 No unfair treatment will be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy.

10.2 For the purpose of providing protection to Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in covering letter forwarding such Protected Disclosure.

10.3 The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

10.4 Any other employee or director assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

10.5 Adequate measures shall be taken by the Board in case of any victimization is reported by the Ethics Counsellor or Nominated Director with them in the course of discharge of their respective roles and responsibilities.

11. DISQUALIFICATIONS

11.1 While it will be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as set out in this policy and any abuse of this protection will warrant disciplinary action.

11.2 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.

11.3 Whistle Blower(s) 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 Disclosure under this Policy. In respect of such Whistle Blower(s), the Board would reserve its right to take appropriate disciplinary actions.

12. ACCESS TO THE NOMINATED DIRECTOR

The Whistle Blower shall have right to access the Nominated Director directly in exceptional cases and the Nominated Director is authorized to prescribe suitable directions in this regard.

13. COMMUNICATION

A Whistle Blower Policy cannot be effective unless it is properly communicated to employees. All employees/Directors shall be suitably notified of the existence and contents of this policy. In case of new employees, the same will be informed by the HR department.

14. 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 five years or such other period as specified by any other law for the time being in force.

15. AMENDMENT

The Board reserves its right to amend or modify this Policy 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.
