

L&T-SARGENT & LUNDY LIMITED

VIGIL MECHANISM

February 12, 2015



L&T-S&L

L&T-Sargent & Lundy Company Limited

VIGIL MECHANISM

Good governance is an integral part and parcel of the existence of a Company in today's era of stakeholder engagement. Transparent procedures need to be adopted so as to ensure timely redressal of concerns of the Directors and the employees.

A Company's internal control and operating procedures are intended to detect and prevent improper activities. However achieving complete safety against irregularities may not be possible. The Company proposes to provide the directors and employees with a sense of ownership and interest alongside smooth functioning and growth.

Thus the Company intends to formulate and establish a Vigil Mechanism Framework for providing adequate safeguards to the employees and directors from victimization or reprisals.

The objective of the said policy is to establish a redressal forum which can process all complaints concerning questionable practices and through which the directors and employees can raise actual or suspected violations.

In line with our vision and values, which we cherish in our organization and as a part of good Corporate Governance, framing Vigil Mechanism would be a step in the right direction. Management wishes to release herewith, Vigil Mechanism Framework. This Framework is meant to encourage employees to report to the concerned person for rectification, if they find or observe anything wrong and or having an adverse effect on the Company's Financials /Image. The details of the policy - Inclusions, Exclusions and procedure are enumerated herein.

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1.0 INTRODUCTION

1.1 Vigil Mechanism

Good governance is an integral part of the existence of a company. It inspires and strengthens investors' confidence by ensuring the company's commitment to higher goals and profits. This objective is achieved by adopting transparent procedures and practices, having in place effective machinery to address the concerns of all stakeholders, keeping shareholders informed about developments in the company and ensuring effective control over the affairs of the company.

The Company is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment we expect directors and employees that we deal with, to come forward and voice genuine concerns.

Keeping this in mind and to facilitate this process, the Company has formulated a Vigil Mechanism Framework to enable directors and employees to report genuine concerns.

The Vigil Mechanism Framework is a structured process, which encourages and facilitates directors and employees to report without fear, wrongdoings or any unethical or improper practice which may adversely impact the image, credibility and/or the financials of the company, through an appropriate forum. The objective is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal accounting controls, or fraudulent reporting of financial information and anti- social conducts.

In other words, if directors and employees observe any wrongdoing that may adversely affect the company's image or financials they should assist in rectifying it by reporting it to the management for appropriate action.

1.2 Vigilant Person/Whistleblower/Tipster?

A '**Vigilant Person/Whistleblower/Tipster**' is a director or an employee, who finds that another director or employee or an outsider is engaged in a conduct which may inappropriately affect the image, credibility or financials of the Company and who may, without expecting any reward in return report the matter to the management as per the guidelines given below. Such a person is known as a '**Vigilant Person/Whistleblower/Tipster**' and the matter so reported by any employee or director of the company shall be considered to be under '**VIGILANCE**'.

1.3 Date of Implementation

This Vigil Mechanism comes into force from February 12, 2015 .

2.0 SCOPE

2.1 Applies to Whom?

This Vigil Mechanism Framework is applicable to all employees of L&T-Sargent & Lundy Limited.

2.2 Acts of Wrongdoings as illustrated below may include but not necessarily be limited to

- Forgery or alteration of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation of the company's interest
- Misappropriation/misuse of Company's resources, like funds, supplies, or other assets
- Authorizing/receiving compensation for goods not received/services not performed
- Authorizing or receiving compensation for hours not worked
- Improper use of authority
- Release of Proprietary Information
- Kickbacks
- Theft of Cash/Assets
- Theft of Goods/Services
- Unauthorized Discounts/approvals/sanctions
- Falsification/Destruction of Company Records
- Fraudulent Insurance Claims
- Work Place Harassment
- Sexual Harassment

2.3 Matters pertaining to the following may be excluded from the purview of Vigil Mechanism Framework

- Personal Grievances
- Dissatisfaction with appraisals and rewards
- Complaints relating to Service conditions
- Company Policies
- Suggestions for improving operational efficiencies

3.0 OMBUDSMAN

3.1 Officer Authorised

The Internal Auditors of the Company will act as an Ombudsman. The management will review the appointment on an annual basis.

3.2 Responsibilities of Ombudsman

- Receiving and acknowledging complaints
- Sorting / Screening / Short listing
- Interim communication to Audit Committee/Director/Whistle Blower Investigation Committee
- Investigation through appropriate delegation / agencies
- Recommend course of action based on investigation to management
- Prevention and redressal of Vigilant Person/Whistleblower/Tipster harassment
- Any other related responsibility as decided by the management
- The decision on the course of action on the whistleblower's complaint as taken by the Ombudsman will be final.

3.3 Meetings and Records

- The Ombudsman will maintain its records such as Agenda, Minutes of the Meeting, Complaint Reports, and Action initiated etc.

4.0 PROCEDURE

4.1 How to report

A perceived wrongdoing or an act for whistle blowing may be reported by a **Vigilant Person/Whistleblower/Tipster** in oral or written form.

- In the case of oral reports, the **Vigilant Person/Whistleblower/Tipster** may approach his immediate superior or the Departmental Head who should get the oral report converted into a written one. The written report should then be forwarded to the Ombudsman. Ombudsman after considering the report and its gravity may settle the grievance if it is not so material and if it deals with petty issues. However if the grievance is material then it should be forwarded to the L&T's Apex Committee, Whistle Blower Investigation Committee, for investigation. After investigation the complaint with Investigation Report should be forwarded to Audit committee / Director as the case may be.
- The complaint or grievance from a **Vigilant Person/Whistleblower/Tipster** can also be directly submitted to the Audit Committee/Director. The Audit Committee/Director will acknowledge the same and review the issue as deemed necessary and also forward the report to Ombudsman for the record purpose. The Audit Committee or Director will make all efforts to expeditiously look into the complaint received from **Vigilant Person/Whistleblower/Tipster** including reference to L&T's Whistle Blower Investigation Committee.
- Anonymous letters will not be considered.

5.0 PROTECTION OF VIGILANT PERSON/WHISTLEBLOWER/TIPSTER

5.1 Freedom to Report

Directors or Employees should feel free to report matters of wrongdoing to the Whistle Blower Investigation Committee without fear of any repercussion on themselves. The management assures maintaining anonymity of the Vigilant Person/Whistleblower/Tipster at all times. The management also affirms that the whistleblower/person exercising vigilance shall be protected from unfair termination and any other unfair prejudicial employment practices, which the Vigilant Person/Whistleblower/Tipster may face from any quarters within the Company due to the act of whistle blowing/exercising vigilance.

5.2 Assurance of Protection

If at any time, Vigilant Person/Whistleblower/Tipster perceives or apprehends that he is being unfairly victimized or harassed due to his act of whistle blowing/exercising vigilance, he shall have the right to approach the Ombudsman who will review the Vigilant Person/Whistleblower/Tipsters complaint and take appropriate action, as applicable, to ensure that the Vigilant Person/Whistleblower/Tipster is not so subjected to any unfair or prejudicial employment practices on account of his alleged victimization.

HIERARCHICAL STRUCTURE OF VIGIL MECHANISM

