

VIGIL MECHANISM

PETRONET LNG LIMITED

1. Preface

- a. The Company 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. Towards this end, the Company has adopted the “PLL Code of Conduct”, and the Standards of Conduct and Performance, which lay down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of these policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the PLL Code cannot be undermined.
- b. Section 177 (9) of the Companies Act, 2013 states inter-alia that every Listed Company shall establish a Vigil Mechanism for Employees to report genuine concern.
- c. Accordingly, this Vigil Mechanism (“the Mechanism”) has been established to provide a mechanism for employees to approach the MD&CEO, or in exceptional circumstances, the Chairman of the Audit Committee of the Company to report their genuine concerns on matters that impact the Company.

2. Definitions

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

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. **“Employee”** means every employee of the Company (whether working in India or abroad), including Whole-time Directors of the Company.
- c. **“MD&CEO”** refers to the Managing Director & Chief Executive Officer of the Company

- d. **“PLL Code”** means the PLL Code of Conduct and the standard of conduct and performance.
- e. **“Enquirer”** mean those persons authorised, appointed, consulted or approached by the Chairman of the Audit Committee and includes the auditors of the Company.
- f. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- g. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an enquiry.
- h. **“Vigil Mechanism”** means a mechanism, which can be used by an Employee for making a Protected Disclosure.
- i. **“User”** means an Employee who uses the Vigil Mechanism.

3. Scope

- a. This Vigil Mechanism is an extension of the PLL Code. The User’s role is that of a reporting party with reliable information. They are not required or expected to act as enquirers or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Users should not act on their own in conducting any enquiry, nor do they have a right to participate in any enquiry other than as requested by MD&CEO and / or the Chairman of the Audit Committee.
- c. Protected Disclosure will be appropriately dealt with by MD&CEO and / or the Chairman of the Audit Committee, as the case may be.

4. Eligibility

All Employees of the Company are eligible to make Protected Disclosures under the Mechanism. Protected Disclosures can be made in relation to any fraud, misconduct or negligence that impacts the Company financially.

5. Disqualifications

- a. While it will be ensured that genuine Users are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a User of Vigil Mechanism knowing it to be false or bogus or with a *mala fide* intention.
- c. Users, who make any Protected Disclosures, which have been subsequently found to be *mala fide* or malicious or Users who make 2 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Mechanism.

6. Procedure

- a. All Protected Disclosures should be addressed to the MD&CEO for enquiry, in case the Protected Disclosures are made by any employee of the Company.
- b. Under exceptional circumstances, complaints can be made directly to the Chairman of the Audit Committee. Such circumstances could include the following:
 - i. In case any Protected Disclosure is made about and / or by Whole-time Director including MD&CEO
 - ii. If the Protected Disclosure relates to Key Management Personnel (KMP) as defined by the Companies Act 2013
 - iii. In case the monetary value of the alleged fraud, misconduct or negligence exceeds Rupees 10 lakhs.
- b. Where a complaint is made directly to the Chairman of the Audit Committee, he / she will discuss such issues with Members of the Audit Committee.

- c. If any of the Members of Audit Committee have conflict of interest in a given case, they should recuse themselves and other Members on the Committee would deal on the matter on hand.
- d. For any issues reported to the MD&CEO or any other Whole-time Director, where there may be a potential conflict of interest then the matter would be dealt with by the Audit Committee.
- e. Protected Disclosures should 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 Hindi and handed over / sent to MD&CEO or Chairman of the Audit Committee by courier / post / e-mail or in person.
- f. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the User. The MD&CEO and / or Chairman of the Audit Committee as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Enquirer for enquiry.
- g. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain adequate information for proper assessment of the nature and extent of the concern. This could include the person/s involved, location, date and time of the misconduct, nature of issue (fraud, corruption, etc.) and where possible monetary values and documentary evidence. In the absence of adequate information, the Company reserves the right not to consider the complaint.
- h. For the purpose of providing protection to the User, the User should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

7. Enquiry

- a. Protected Disclosures reported under this Mechanism will be assessed for merit and subsequently enquired by MD&CEO and / or the Chairman of the Audit Committee of the Company as the case may be.

- b. MD&CEO and / or the Chairman of the Audit Committee may at his discretion, consider involving any Enquirer for the purpose of enquiry.
- c. The decision to conduct an enquiry taken by MD&CEO and / or the Chairman 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 enquiry may not support the conclusion of the User that an improper or unethical act was committed.
- d. The identity of a Subject and User will be kept confidential to the extent possible given the legitimate needs of law and the enquiry.
- e. Subjects shall have a duty to co-operate with the MD&CEO and / or Chairman of the Audit Committee or any of the Enquirer during enquiry to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- f. Subjects have a right to consult with a person or persons of their choice, other than the Enquirer and/or Members of the Audit Committee and/or the User. Subjects shall be free at any time to engage counsel at their own cost to represent them in the enquiry proceedings.
- g. Subjects have a responsibility not to interfere with the enquiry. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an enquiry report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- h. Subjects have a right to be informed of the outcome of the enquiry. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the enquiry results would be in the best interest of the Subject and the Company.
- i. The enquiry shall be completed normally within 90 days of the receipt of the Protected Disclosure.

8. Protection

- a. No unfair treatment will be meted out to a User by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against User. Complete protection will, therefore, be given to User 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 User's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the User may experience as a result of making the Protected Disclosure. Thus, if the User is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the User to receive advice about the procedure, etc.
- b. A User may report any violation of the above clause to MD&CEO and / or the Chairman of the Audit Committee, who shall enquire into the same and recommend suitable action to the management.
- c. The identity of the User shall be kept confidential to the extent possible and permitted under law.
- d. Any other Employee assisting in the said enquiry shall also be protected to the same extent as the user.

9. Enquirer

- a. Enquirers are required to conduct a process towards fact-finding and analysis.
- b. Technical and other resources may be drawn upon as necessary to augment the enquiry. All Enquirers shall be independent and unbiased both in fact and as perceived. Enquirers have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.

- c. Enquiry will be launched only after a preliminary review by MD&CEO and / or the Chairman of the Audit Committee, as the case may be, which establishes that:
- (i) the alleged act constitutes an improper or unethical activity or conduct, and
 - (ii) the allegation is supported by information specific enough to be enquired or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of management review. Provided that such enquiry should not be undertaken as an enquiry of an improper or unethical activity or conduct.

10. Decision

If an enquiry leads MD&CEO and / or the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, MD&CEO and / or the Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the MD&CEO and / or Chairman of the Audit Committee may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an enquiry pursuant to this Mechanism shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

11. Retention of documents

All Protected Disclosures in writing or documented along with the results of enquiry relating thereto shall be retained by the Company for a minimum period of seven years.

12. Amendment

The Company reserves its right to amend or modify this Mechanism in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees unless the same is notified to the Employees in writing.

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