

====VIGIL MECHANISM====**CONCEPT INTRODUCTION**

The Vigil Mechanism extends to anyone who has and reports insider knowledge of illegal activities occurring in an organization. It can be employees or directors, who somehow becomes aware of illegal activities taking place in a business either through witnessing the behaviour or being told about it. The revealed misconduct may be classified in many ways; for example, a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health/safety violations, and corruption.

The Mechanism defines a specific process to be followed for escalation of information regarding the wrongful or unethical practice. The person/authority to which the communication may be sent, the manner of sending communication and the manner in which the information received would be dealt with, is clearly defined in the Mechanism. The wrongful practice or unethical conduct that is sought to be covered under the Vigil Mechanism is expected to be grave and serious in nature, and may involve several parties.

It is felt that the management is often the last in the knowledge-chain where a rampant wrongdoing is concerned, as the employees and other stakeholders are not sure who to report to and not secure as to how it would impact their relationship with the organisation. Thus, the authority must be independent, senior and responsible, and the Mechanism must provide for confidentiality of the information as well as the identity of the informer.

BACKGROUND

The new Companies Act, 2013 and the corresponding Rules requires for the establishment of a Vigil mechanism for the directors and employees to report genuine concerns and shall provide for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism. The companies which are required to constitute an Audit Committee shall oversee the vigil mechanism through the committee and such a mechanism shall make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. In case of repeated frivolous complaints being filed by a director or an employee, Audit Committee may take suitable action against the concerned director or employee including reprimand.

A Vigil Mechanism is thus an internal framework on access to the appropriate designated authority, by persons who wish to report on unethical or improper practices. This Mechanism is intended to create a platform for alerting the management of the company or those charged with the Governance of the company about potential issues of serious concern, by ensuring confidentiality, protection and expedient action.

SCOPE

This Mechanism covers ---

- Malpractices which have taken place / suspected to have taken place
- Misuse or abuse of authority
- Fraud or suspected fraud
- Violation of company rules, policies as well as Regulatory laws
- Manipulation in operations of business
- Negligence causing danger to public health, wealth and safety
- Misappropriation of monies
- Any other matters or activities on account of which the interest of the Company is likely to be affected.

DEFINITIONS

1. **“Mechanism”** means the Vigil Mechanism as framed by the Company.
2. **“Company”** as mentioned in the Mechanism means UAE Exchange and Financial Services Limited.
3. **“Committee”** in this Mechanism shall mean the Audit Committee constituted by the Board of Directors of the Company.
4. **“Board”** means the Board of Directors of the Company.
5. **“Alleged Misconduct”** shall mean and include all the wrongful doings as listed out in the “Scope” of this Mechanism.
6. **“Employee”** means all the present employees and Directors of the Company.
7. **“Vigil Officer”** means an officer of the Company nominated by the Managing Director (MD) to receive the complaints and confidential information regarding the alleged misconducts from the employees, maintaining records thereof, placing the same before the Audit Committee for its disposal and concluding the investigation with final decisions thereof.
8. **“Secured Disclosure”** means a concern or a complaint raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about any activities mentioned under the title “SCOPE” with respect to the Company. However, the Secured Disclosures should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible and also backed by the requisite proof to allow for proper assessment of the nature and extent of the concern.
9. **“Suspect”** as mentioned in the Mechanism means a person or group of persons against or in relation to whom a Secured Disclosure is made or evidence gathered during the course of an investigation.
10. **“Informer / Complainant”** is an employee or group of employees who make a Secured Disclosure under this Policy.

SUBMISSION OF SECURED DISCLOSURE

- ❖ Secured Disclosures should be reported in writing by the Informer as soon as possible after he/she becomes aware of the same so as to ensure a clear understanding of the complaints raised. The complaint should either be typed or written in a legible handwriting.
- ❖ The Secured Disclosure should be submitted in a closed and secured envelope and should be super-scribed as “Secured disclosure under Vigil Mechanism”. This is important as this will enable the protection of the informer and the Secured Disclosure, else the same will be dealt with as if a normal disclosure.
- ❖ In order to keep the identity of the Informer confidential, the Vigil Officer will not issue any acknowledgement to the Informer. The Informer is also advised neither to write name / address on the envelope nor to enter into any further correspondence with the Vigil Officer / MD / Audit Committee. In case any further clarification is required, the Vigil Officer or MD or the Audit Committee as the case may be, shall contact the informer confidentially.

- ❖ The Secured Disclosure should be forwarded under a covering letter signed by the Informer. The details of the Informer should be mentioned only in the said covering letter and not anywhere in the document containing the Secured Disclosure. The Vigil Officer or MD, as the case may be, receiving the envelope shall detach the covering letter bearing the identity of the Informer and keep the same confidential in their custody and shall proceed only with the Secured Disclosure for further investigations.
- ❖ All Secured Disclosures should be addressed to the Vigil Officer of the Company. The contact details of the Vigil Officer is - Mr. Krishnan R, Executive Director, UAE Exchange and Financial Services Limited.
- ❖ Further, Secured Disclosure against the Vigil Officer should be addressed to the Managing Director (MD) of the Company and that the Chairman of the Audit Committee shall be looked upon, only in rare and exceptional cases to intervene.
- ❖ On receipt of the Secured Disclosure the Vigil Officer / MD shall make a record of the same and also ascertain the identity of the Informer by contacting him once, so as to know whether he actually made such disclosure backed by requisite facts and proofs before further appropriate investigation and needful action. The record will include:
 - ☞ Brief facts;
 - ☞ Whether the same Secured Disclosure was raised previously by anyone or on the same Suspect, and if so, the outcome thereof;
 - ☞ The availability of necessary back-ups and proofs;
 - ☞ Any further clarifications required and whether the Informer needs to be contacted again for further information;
 - ☞ Possible further actions that can be taken;
 - ☞ Any other matters relevant to be noted;

INVESTIGATION

All Secured disclosures under this Mechanism will be recorded and thoroughly investigated. It shall be the duty of the Vigil Officer to record the details as mentioned above by keeping in view the confidentiality of the Informer, even when the Secured Disclosure submitted by him prove wrong after the completion of investigation. The Vigil Officer along with his team as the case may be, shall be responsible to take all the requisite steps to proceed with the speedy disposal of the complaint, failing which MD or the Audit Committee may take up as the case may be, and may, at his / its discretion, consider involving any other Officer of the Company in trust, to complete the investigation.

Suspect(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.

Suspect(s) shall have a duty to co-operate with the Vigil Officer or MD or Audit Committee as the case may be, as and when required and shall be given reasonable opportunity of being heard.

Suspect(s) have a responsibility not to interfere with the investigation. Evidence / Secured Disclosures shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the suspect(s).

Suspect(s) have a right to be informed of the outcome of the investigations and respond to the same, if backed by necessary proofs.

The investigation shall be completed normally within 60 days of the receipt of the Secured disclosure and is extendable by such period as the Vigil Officer with the consent of MD or Audit Committee, deems fit.

OUTCOME AND REPORTING

Vigil Officer along with its recommendations will report his findings to the Managing Director who shall decide upon further actions within 15 days of receipt of report. The Report may be placed before the Audit Committee, if required, for their review. In case prima facie case exists against the suspect, then the Managing Director shall forward the said report with his recommendations to the concerned disciplinary authority for further appropriate action in this regard or shall close the matter, for which he shall record the reasons. Copy of above decision shall be addressed to the Audit Committee, the Vigil Officer, the Informer (if necessary) and the suspect.

Any complaint not made in good faith, or any Informer who makes false allegations of Alleged Misconduct of the suspect to the Vigil officer or any other Authority, shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

CONFIDENTIALITY

The Informer, Vigil Officer, the Suspect and all other officers involved in the process shall maintain confidentiality in all the matters under this Mechanism and discuss only to the extent or with those persons as required for completing the process of investigations and keep the related documents in safe custody.

The identity of the Informer or any other employee assisting the investigation, shall be kept confidential and shall be known only to the parties of the investigation, and will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or authority. In the event of the identity of the complainant being disclosed, the Company is authorized to initiate appropriate action against the person or agency making such disclosure, as per the policies of the Company.

No unfair treatment of the Informer will be admitted, if in any case, his/her identity is revealed, by virtue of his/ her having reported a Secured Disclosure under this Mechanism. The company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Informers. Complete protection will, therefore, be given to the Informers 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 Informer’s right to continue to perform his duties / functions.

ADMINISTRATION

All the documentations related to the Secured Disclosures and investigations shall be retained by the Vigil Officer for a minimum period of 5 (five) years. The Managing Director shall be responsible for the administration, and review of this Mechanism and to bring about necessary changes from time to time and place the same before the Audit Committee.

CONCLUSION

This Vigil Mechanism is put in place mainly to ensure transparency in the organisation and to bring out in light, any violations whenever the same is detected at any level in the organisation with full confidentiality to the Informers. This neither releases employees from their own duty of confidentiality in the course of their work nor can it be used as a method of raising baseless allegations against people in authority and / or colleagues in general. The decision to conduct an investigation against anyone shall not be treated as an accusation and shall be taken as mere process of discovery of facts. Employees are requested to comply and co-operate with the Mechanism and feel free to contact and clarify the concerned officer for further details.
