

TATA STEEL



Vigil Mechanism

17th December 2014



Vigil Mechanism

Pursuant to the Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges in India

Tata Steel Limited (the “Company”) has drawn up a “Whistleblower Policy for Directors & Employees” based on the framework of the Tata Code of Conduct (“TCoC”) and Clause 49 of the Listing Agreement. The policy, inter alia, defines a whistleblower as a director or employee making a protected disclosure under the policy and requires that the whistleblower disclose his/her identity. It lays down the guidelines for investigation, reporting and for providing protection to the whistleblower.

A “Whistleblower Reward and Recognition Policy for Employees” has also been issued.

In addition to the above the Company has also issued a “Whistleblower Policy for Vendors” with reference to TCoC Clause 25. The policy provides for protection to the vendor from any victimization or other unfair practice by the Company.

Individuals may raise their concerns to the Ethics Counsellor or directly to the Chairperson of the Audit Committee of the Company.

Mr. Subodh Bhargava, Chairperson of the Audit Committee

A-15/1, DLF Phase I, Gurgaon-122001

Mrs. Tripti Roy, Ethics Counsellor,

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A. WHISTLE BLOWER POLICY FOR DIRECTORS& EMPLOYEES

1. Preface

- a. Tata Steel Limited ("the Company") believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has adopted the Tata Code of Conduct ("the Code"), which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of employees in pointing out such violations of the Code cannot be undermined. There is a provision under the Code requiring employees to report violations, which states:

"Clause: 25 Reporting Concerns

"Every employee of a Tata company shall promptly report to the management, and / or third-party ethics helpline, when she / he becomes aware of any actual or possible violation of the Code or an event of misconduct, act of misdemeanor or act not in the company's interest. Such reporting shall be made available to suppliers and partners, too.

Any Tata employee can choose to make a protected disclosure under the whistleblower policy of the company, providing for reporting to the chairperson of the audit committee or the board of directors or specified authority. Such a protected disclosure shall be forwarded, when there is reasonable evidence to conclude that a violation is possible or has taken place, with a covering letter, which shall bear the identity of the whistleblower.

The company shall ensure protection to the whistleblower and any attempts to intimidate him/her would be treated as a violation of the Code"

- b. Section 177 (9) of the Companies Act, 2013 mandates the following classes of companies to constitute a vigil mechanism for directors and employees to report genuine concerns –
 - Every listed company;
 - Every other company which accepts deposits from the public;
 - Every company which has borrowed money from banks and public financial institutions in excess of Rs.50 crores.

Further, Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges has been recently amended which, *inter alia*, provides for a mandatory requirement for all listed companies to establish a vigil mechanism for directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

- c. Accordingly, this Whistleblower Policy (“the Policy”) has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Ethics Counsellor / Chairperson of the Audit Committee of the Company.

2. Definitions

The definitions of some of the key terms used in this Policy are given below. Capitalised terms not defined herein shall have the meaning assigned to them under the Code.

- a. **“Apex Ethics Committee”** means the apex ethics committee constituted by the Company from time to time comprising executive Directors, senior management and the Ethics Counsellor.
- b. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- c. **“Code”** means the Tata Code of Conduct.
- d. **“Consequence Management Framework”** means the consequence management framework approved by the Audit Committee from time to time recommending the appropriate disciplinary action for any actual or potential violation of the Code.
- e. **“Director”** means director on the board of the Company
- f. **“Employee”** means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- g. **“Ethics Committee”** means the ethics committee constituted by the Company from time to time comprising senior management and the Ethics Counsellor.
- h. **“Ethics Counsellor”** means the Employee designated as the ethics counsellor of the Company
- i. **“Investigators”** mean those persons authorised, appointed, consulted or approached by the Ethics Counsellor/Chairperson of the Audit Committee and includes the auditors of the Company and the police.
- j. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- k. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- l. **“Whistleblower”** means a Director or an Employee making a Protected Disclosure under this Policy.

3. Scope

- a. This Policy is an extension of the Tata Code of Conduct. The Whistleblower's role is that of a reporting party with reliable information of a genuine concern. They are neither required to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action(s) that may be warranted in any given case.
- b. Whistleblowers should neither act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Ethics Counsellor or the Chairperson of the Audit Committee or the Investigators.
- c. Protected Disclosure will be appropriately dealt with by the Ethics Counsellor or the Chairperson of the Audit Committee, as the case may be.

4. Eligibility

All Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or any other Tata Company.

5. Disqualifications

- a. While it will be ensured that genuine Whistleblowers 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 Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower, knowing it to be false or bogus, or with a mala fide intent.
- c. Whistleblowers, 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 Disclosures under this Policy. In respect of such Whistleblowers, the Audit Committee would reserve its right to take/recommend appropriate disciplinary action, which could include reprimand.

6. Procedure

- a. All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairperson of the Audit Committee of the Company for investigation.
- b. In respect of all other Protected Disclosures, those concerning the Ethics Counsellor and employees at the levels of Vice Presidents and above should be addressed to the Chairperson of the Audit Committee of the Company and those concerning other employees should be addressed to the Ethics Counsellor of the Company.
- c. The contact details of the Chairperson of the Audit Committee and of the Ethics Counsellor of the Company are as under:

Mr. Subodh Bhargava, Chairperson of the Audit Committee
A-15/1, DLF Phase I, Gurgaon-122001

Mrs. Tripti Roy, Ethics Counsellor,
Tata Steel Ltd, Jamshedpur - 831001.
E-mail add: ethics.counsellor@tatasteel.com and tripti@tatasteel.com

- d. If a protected disclosure is received by any Directors/Employees of the Company other than Chairperson of Audit Committee or the Ethics Counsellor, the same should be forwarded to the Company's Ethics Counsellor or the Chairperson of the Audit Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistleblower confidential. The Directors and Employees are encouraged to directly report all matters of genuine concern to the Ethics Counsellor/ Chairperson of the Audit Committee.
- e. Protected Disclosures should preferably 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, Hindi or in the regional language of the place of employment of the Whistleblower.
- f. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistleblower. The Chairperson of the Audit Committee / Ethics Counsellor, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- g. 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 and the urgency of a preliminary investigative procedure.
- h. The Whistleblower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistleblowers.

7. Investigation

- a. All Protected Disclosures reported under this Policy will be investigated by the Ethics Counsellor Chairperson. The report of the same will be discussed at the Ethics Committee/Apex Ethics Committee before it is put up to the Audit Committee with the recommendations. If any member of the Audit Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and the other members of the Audit Committee should deal with the matter on hand.
- b. The Ethics Counsellor / Ethics Committee/ Chairperson of the Audit Committee may at its discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Ethics Counsellor / Ethics Committee / Chairperson 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 investigation may

not necessarily support the conclusion of the Whistleblower that an improper or unethical act was committed.

- d. The identity of a Subject will be kept confidential to the extent possible, given the legitimate needs of law and the investigation.
- e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Ethics Counsellor / Ethics Committee / Chairperson of the Audit Committee or any of the Investigators during the investigation, to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Ethics Counsellor / Investigators and/or members of the Audit Committee and/or the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. However, Subjects may not have access to the investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- j. Subjects have a right to be informed of the outcome of the investigation. 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.
- k. The investigation shall be completed normally within 45 days of receipt of the Protected Disclosure

8. Protection

- a. No unfair treatment will be meted out to a Whistleblower 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 Whistleblowers. Complete protection will, therefore, be given to Whistleblowers 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 Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistleblower may experience as a

result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc.

- b. A Whistleblower may report any violation of the above clause to the Chairperson of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- c. The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under law. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Ethics Counsellor / Chairperson of the Audit Committee (e.g. during investigations carried out by Investigators).
- d. Any other Employee(s) assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

9. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Ethics Counsellor / Chairperson of the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment effectiveness of the investigation. All Investigators shall be independent and unbiased, both in fact and be perceived as such. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review, which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and
 - ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

10. Decision

If an investigation or the domestic enquiry leads the Ethics Committee/Apex Ethics Committee to conclude that an improper or unethical act has been committed, the Ethics Committee/ Apex Ethics Committee shall recommend to the management to take disciplinary or corrective action as deemed fit. Ethics Counsellor then compiles and tables all such cases to the Audit Committee. Audit Committee takes note of the disciplinary or corrective action taken based on the Consequence Management Framework approved by the Audit Committee or in exceptional cases advises the management to take suitable action against the concerned Director or employee.

11. Reporting

The Ethics Counsellor shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

12. 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 seven years.

13. Amendment

The Company reserves its right to amend or modify this Policy either 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.

B. WHISTLE BLOWER POLICY FOR VENDORS

In compliance with Clause 25 of Tata Code of Conduct and in furtherance with Tata Steel Limited's ("Company") policy to encourage and protect genuine Whistleblowing by Vendors, a Vendors' Whistleblowing Protection Policy ("Policy") has been developed.

Definitions:

"Protected Disclosure" means any communication in relation to matters concerning the Company, which is made in good faith and which discloses information that may evidence demand for illegal gratification and/or unethical or improper activity of serious nature, by any Employee, Director or vendor

- "Vendor Whistleblower" means a person/organization registered in the Vendor data base of the Company, making a Protected Disclosure and thereafter extending whatever assistance may be required in establishing facts mentioned in the Protected Disclosure.

Procedure:

- Protected Disclosures should preferably be reported in writing i.e. in ink or electronically, and should be factual (not speculative) so as to ensure a clear understanding of the issues raised by the Whistle Blower.
- Misconduct concerning the Ethics Counsellor and employees at the levels of Vice President and above, should be addressed to the Chairperson of the Audit Committee of the Company and those concerning other employees, should be addressed to the Ethics Counsellor of the Company.
- The Whistleblower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistleblowers.
- The contact details of the Chairperson of the Audit Committee and of the Ethics Counsellor of the Company are as under :

Chairperson of the Audit Committee :

Mr. Subodh Bhargava, A-15/1, DLF Phase 1, Gurgaon – 122001.

Ethics Counsellor :

Mrs. Tripti Roy, Ethics Counsellor, Tata Steel Ltd. Jamshedpur 831 001.

[E-mail: ethics.counsellor@tatasteel.com](mailto:ethics.counsellor@tatasteel.com) tripti@tatasteel.com

Protection to the Vendor Whistleblower:

- The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair practice being adopted against the Vendor Whistleblowers while conducting business with the Company.
- The Vendor Whistleblower shall be protected from any retaliation, threat or intimidation of untimely termination/suspension of their contracts/orders, refusal from issuance of 'RFQ (Request For Quotation)' to them, or any direct or indirect use of authority to obstruct the Vendor Whistleblower from continuing to execute their jobs, including making further Protected Disclosures.
- Should, in spite of best efforts by the Company, the identity of the Vendor Whistleblower become known during the investigation, the Chief Procurement and the Chief/ Head of the concerned user departments, shall ensure that the Vendor Whistleblower, is provided with all the assistance required to execute existing orders.
- Under no circumstances, subjects against whom the disclosures have been made should compel investigator to disclose the identity of the Vendor Whistleblower.

Disqualifications:

Any abuse of this protection by vendors will warrant disciplinary action.

Vendor Whistle Blower Protection Committee:

The Company has constituted the Vendor Whistle Blower Protection Committee ("the Committee"). In case a Vendor Whistleblower feels that they have been victimized because of reporting about an unethical act, they can submit a "Grievance" to the Ethics Counsellor/ Chief Vigilance, giving specific details of the nature of victimization allegedly suffered by them. All such grievances will be forwarded to the Committee for their examination. The Committee may conduct necessary investigation of the concern and recommend appropriate action as the case may be.

Amendment:

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

Notification to this Policy:

Chief Procurement shall ensure that an approved copy of this Policy and its subsequent amendments if any, are notified in writing/ via email, to all the vendors engaged by the Company.

This supersedes our earlier Whistleblower Protection Policy for Vendors (Ref. No. AO/1818/10 Dt. 12/10/2010)

C. WHISTLEBLOWER RECOGNITION & REWARD FOR EMPLOYEES

In continuation with the Whistleblower Policy for Directors & Employees and in order to encourage more and more courageous whistleblowers in the organization, it is decided that Whistleblowers will be rewarded/recognized for genuinely blowing the whistle on misconduct.

The list of misconduct/unethical activities includes, but is not limited to, the following:

- Taking or giving bribes
- Taking or giving any facilitation payments i.e. speed money
- Having Concurrent employment
- Misusing/ leaking confidential information
- Misusing personal position/power to influence Company policies and procedures
- Misusing Company property or facility
- Not declaring conflict of interest
- Causing harassment including sexual harassment
- Giving false declaration for obtaining benefit from the Company, including CTC/salary related claims
- Certifying fake or inflated bills/jobs
- Manipulating contracts and/or invoices to obtain undue advantage for oneself or providing any undue advantage to vendors/contractors, thereby causing financial loss to the Company

Misconduct concerning the Ethics Counsellor and employees at levels of Vice President and above should be addressed to the Chairperson of the Audit Committee of the Company and those concerning other employees, should be addressed to the Ethics Counsellor of the Company. Under circumstances considered appropriate/ exceptional, any genuine concern may be reported directly to the Chairperson of the Audit Committee.

The contact details of the Chairperson of the Audit Committee and of the Ethics Counsellor of the Company are as under :

Chairperson of the Audit Committee :

Mr. Subodh Bhargava, A-15/1, DLF Phase 1, Gurgaon – 122001.

Ethics Counsellor :

Mrs. Tripti Roy, Ethics Counsellor, Tata Steel Ltd. Jamshedpur 831001.

E-mail: ethics.counsellor@tatasteel.com, tripti@tatasteel.com

The decision of the Whistleblower Recognition and Reward Committee will be final.

This supersedes our earlier Whistleblower Recognition & Reward Policy (Ref. No. AO/2602/08 Dt. 12/2/2008)