



NEEPCO HR MANUAL
**NEEPCO FRAUD AND WHISTLE
BLOWER POLICY**

VOLUME : II
SECTION : I
DATE OF EFFECT: 19.04.2023
UPDATED AS ON: 31.08.2023
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1. BACKGROUND:

The Guidelines on Corporate Governance for CPSEs issued by the DPE inter alia requires CPSEs to formulate a 'Whistle Blower Policy'. This policy envisages the companies to put in place a mechanism for employees to report to the Management about actual or suspected fraud or violation of conduct or ethics policy. The Guidelines also require that the Board of the CPSEs should implement policies and procedures which should include staff responsibilities in relation to fraud prevention and identification, responsibility of fraud investigation once a fraud has been identified, process of reporting on fraud related matters to management, Reporting and recording process to be followed to record allegations of fraud, requirements of training to be conducted on fraud prevention and identification. Further, Statutory Auditors of the company are required to comment on the Fraud Policy of the company in their report to the Comptroller and Auditor General of India (C&AG) on the annual accounts of the company given in compliance of the provisions of the Companies Act, 2013.

Further, in terms of the applicable provisions of the Companies Act, 2013 (“**Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as may be amended from time to time, stipulates requirements of vigil mechanism for a listed company.

In the light of the foregoing and keeping in view the approach of North Eastern Electric Power Corporation Limited (“**NEEPCO**”) in following applicable provisions of the Act, SEBI Listing Regulations and Corporate Governance principles proactively, it is appropriate that a **NEEPCO FRAUD AND WHISTLE BLOWER POLICY**, putting in place a mechanism for reporting to the Management about actual or suspected fraud or violation of conduct or ethics policy to provide an opportunity to its employees and directors and any other person to report their genuine concerns or grievances to the Chairman of the Audit Committee (committee constituted by the Board of Directors of NEEPCO in accordance with Section 177 of the Act, Regulation 18 of SEBI Listing Regulations and with Corporate Governance guidelines issued by DPE) and to provide necessary safeguards for protection of such person from reprisals or victimization, be formulated and implemented.



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2. POLICY OBJECTIVES:

The "NEEPCO FRAUD AND WHISTLE BLOWER POLICY" has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. This Policy also provides an opportunity to employees and Directors of NEEPCO (all full time, part time or employees appointed on adhoc/temporary/contract basis) to report any fraud or suspected fraud or violation of the code of conduct. It also protects the reporter of the fraud or suspected fraud or violation of the code of conduct, from any adverse action in retaliation of his reporting. Further, the policy provides an opportunity to its employees and Directors to report their genuine concerns or grievances to the Audit Committee and also provide for direct access to the Chairman of the Audit Committee.

The policy will ensure and provide for the following:

- (i) To ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud or violation of the code of conduct when it occurs.
- (ii) To provide a clear guidance to employees and others dealing with NEEPCO, forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect and fraudulent activity.
- (iii) To conduct investigations in to fraudulent activities.
- (iv) To provide assurances that any and all suspected fraudulent activity will be fully investigated.

3. SCOPE OF POLICY:

- (i) The policy applies to any fraud, or suspected fraud or violation of the code of conduct, involving employees and Directors of NEEPCO, (all full time, part time or employees appointed on adhoc/temporary/contract basis) as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency(ies) doing any type of business with NEEPCO.
- (ii) Further, the Policy shall apply to such employees or Directors of the Company or their representatives or any other party who raise their concerns or grievances in relation to any fraud, or suspected fraud or violation of the code of conduct of NEEPCO (“Whistle Blower”).



4. DEFINATION OF FRAUD

"Fraud" is a willful act intentionally committed by individual(s) by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain(s) to self or any other individual(s) and wrongful loss to other(s). Many a times such acts are undertaken with a view to deceive /mislead others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts.

5. ACTIONS CONSTITUTING FRAUD

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud:

- (i) Forgery or alteration of any document or account belonging to the Company
- (ii) Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- (iii) Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- (iv) Falsifying records such as pay rolls, removing the documents from files and/or replacing it by a fraudulent note etc.
- (v) Willful suppression of facts/deception in matters of appointment, placements, submission of reports, tender committee recommendation etc. as a result of which a wrongful gain(s) is made to one and wrongful loss(s) is caused to the others.
- (vi) Utilizing Company funds for personal purposes.
- (vii) Authorizing or receiving payments for goods not supplied or services not rendered.
- (viii) Destruction, disposition, removal or records or any other assets of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/suppression/cheating as a result of which objective assessment/decision would not be arrived at.
- (ix) Any other act that falls under the gamut of fraudulent activity.

6. REPORTING OF FRAUD OR VIOLATION OF THE CODE OF CONDUCT:

(i) Any employee, Directors (full time, part time or employees appointed on adhoc/temporary/contract basis) representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with NEEPCO, as soon as he/she comes to know of any fraud or suspected fraud or any other fraudulent activity or violation of the code of conduct, must report such incident(s). Such reporting shall be made to



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the designated Nodal Officer(s), nominated in every Project/Region/Station/Estt/Corporate Centre, If, however, there is shortage of time, such report should be made to the immediate controlling officer whose duty shall be to ensure that the input received is immediately communicated to the Nodal Officer. The reporting normally should be in writing. In case the reporter is not willing to furnish a written statement but is in a position to give sequential and specific transaction of fraud/ suspected fraud or violation of the code of conduct, then the officer receiving the information/ Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official/ employees /other person reporting such incident. Reports can be made in confidence and the person to whom the fraud or suspect fraud or violation of the code of conduct has been reported must maintain the confidentiality with respect to the reporter and such matter should under no circumstance be discussed with any unauthorized person.

(ii) All reports of fraud or suspected fraud or violation of the code of conduct shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.

(iii) Officer receiving input about any suspected fraud/Nodal Officer(s) shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

(iv) No adverse action shall be taken or recommended against a reporter of fraud or suspected fraud or violation of the code of conduct, in retaliation of his reporting. However, this policy does not protect the reporter from any adverse action which occurs independent of his/her reporting of the fraud or suspected or violation of the code of conduct.

(v) The Whistle Blower shall also be granted direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The contact details for addressing such disclosure to the Chairman Audit Committee are as follows:

The Chairperson, Audit Committee, NEEPCO Ltd.,
Office of the Company Secretary Lower New Colony
Brookland Compound Shillong – 793003, Meghalaya

7. INVESTIGATION PROCEDURE:

(i) The “Nodal Officer” shall, refer the details of the fraud/suspected fraud or violation of the code of conduct to the Vigilance Department of NEEPCO, for further appropriate investigation and needful action.



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(ii) This input would be in addition to the intelligence information and investigation of cases of fraud being investigated by the Vigilance Department of their own as part of their day to day functioning.

(iii) After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action or closure of the matter if it is proved that fraud is not committed etc. depending upon the outcome of the investigation shall be undertaken.

(iv) Vigilance Department shall apprise “Nodal Officer” at the results of the investigation undertaken by them. There shall be constant coordination maintained between the two.

(v) The Nodal Officer shall submit bi-annual report to the Audit Committee regarding the findings of the Vigilance Department on the investigations undertaken by them on reports of fraud or suspected fraud or violation of the code of conduct.

8. RESPONSIBILITY FOR FRAUD PREVENTION

(i) Every employee, Directors (fulltime, part time, adhoc, temporary, contract), representative of various suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with NEEPCO Ltd, is expected and shall be responsible to ensure that there is not fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that a fraud or suspected fraud or violation of the code of conduct has taken or is likely to take place they should immediately appraise the same to the concerned as per the procedure.

(ii) All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the NEEPCO FRAUD AND WHISTLE BLOWER POLICY of the Company. It is the responsibility of all controlling officers to ensure that there are mechanisms in place within their area of control to:

- a. Familiarize each employee with the types of improprieties that might occur in their area.
- b. Educate employees about fraud prevention and detection.
- c. Educate a culture whereby employees are encouraged to report any fraud or suspected fraud or violation of the code of conduct which comes to their knowledge, without any fear of victimization.
- d. Promote employee’s awareness of ethical principles subscribed to by the Company



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through CDA Rules and Certified Standing Orders

(iii) Due amendments shall be made in the general conditions of contracts of the organization wherein all bidders/service providers/vendors/consultants etc. shall be replied to certify that they would adhere to the NEEPCO FRAUD AND WHISTLE BLOWER POLICY and not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately appraise the organization of the fraud/suspected fraud or violation of the code of conduct, as soon as it comes to their notice.

These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.

9. GRIEVANCE

(i) If the Whistle Blower feels aggrieved with the disposition of his or her complaint, disclosure or report or if the Whistle Blower feels that protection, which either of them is entitled to has not been provided or has been dis-regarded, then such employee or director may be make a representation in writing of his or her grievance to the Chairman of NEEPCO, who will take such action in the matter as he considers necessary to redress the grievance.

(ii) If the Whistle Blower feels aggrieved with the action taken by the Chairman of the Company on a representation made under Clause 9(i) he/she may make a representation in writing of his or her grievance to the Chairman, Audit Committee, who shall take or direct such action on the representation as he shall deem fit. The decision of the Chairman, Audit Committee shall be final and binding on the Whistle Blower.

(iii) However, a disciplinary action against the Whistle Blower which occurs on account of poor job performance or misconduct by the Whistle Blower and which is independent of any disclosure made by the Whistle Blower shall not be protected under this Policy.

10. ADMINISTRATION AND REVIEW OF THE POLICY

The Chairman and Managing Director shall be responsible for the administration, interpretation, application and revision of this policy. The policy will be reviewed and revised as and when needed.