Stakeholders Rights

Lesson 10

KEY CONCEPTS

■ Whistle Blowing ■ Vigil Mechanism ■ Grievance Redressal Mechanism ■ Human Rights ■ Sexual Harassment ■ Gender Parity ■ Local Procurement ■ Monetary benefits ■ Non Monetary Benefits ■ Code of Conduct ■ Attrition rate ■ Health and Safety

Learning Objectives

To understand:

- Whistle Blowing / Vigil Mechanism
- Sexual Harassment at workplace
- Health & Safety concerns at work place
- Gender parity ratio at Workforce
- Supplier code of conduct
- Monetary & non-monetary benefits for employees

Lesson Outline

STAKEHOLDER'S RIGHTS

BUSINESSES AND HUMAN RIGHTS

Human rights are basic rights and freedoms that protect us all. They are based on dignity, fairness, equality and respect. Businesses have a significant impact on the way we live our life and enjoy these human rights, whether it's as an employee, a customer or simply living alongside companies that share our cities and towns.

Companies do need to pay close attention to their supply chains but businesses can affect people's human rights in more subtle ways, at home and abroad. Companies with an online presence will need to make sure that they respect people's right to privacy and uphold data protection laws, care home providers need to treat the people they look after with dignity and respect and all businesses have an obligation to ensure safe working conditions for their staff.

Aside from it being the right thing to, it also makes good business sense to respect human rights. Businesses can find themselves involved in lawsuits, suffering reputational harm and missing out on business opportunities and investments as well as the chance of recruiting the best new employees.

Almost all human rights are relevant to business. A business can have an impacts – both positive and negative – on many people, including employees, customers, suppliers and their employees, and communities in which the business operates.

Globally, there is increasing expectation amongst governments, business, investors and civil society, that businesses operate responsibly and sustainably – and at the heart of this is respect for human rights.

In 2011 the UN Guiding Principles on Business and Human Rights (UNGPs) were unanimously endorsed by the UN Human Rights Council. The UNGPs are now the authoritative global standard for addressing and preventing human rights impacts associated with business activity. The UN Guiding Principles operate on a three-pillar framework, known as the Protect, Respect, Remedy Framework, which consists of:

- Pillar I: The State duty to protect human rights
- Pillar II: The business responsibility to respect human rights
- Pillar III: Access to remedy for victims of business-related human rights harm.

The idea of human rights is as simple as it is powerful: that people have a right to be treated with dignity. Human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language or any other status. Every individual is entitled to enjoy human rights without discrimination. These rights are all interrelated, interdependent and indivisible.

While Governments have the duty to protect individuals against human rights abuses by third parties, businesses are increasingly recognizing their legal, moral and commercial need to respect human rights. Today, businesses are subject to closer scrutiny of their impacts on people and the planet. Companies that focus on respecting human rights - and cultivate positive relationships with their stakeholders - can help ensure their business' continued growth and social license to operate.

Businesses have minimum responsibilities to meet to respect human rights. They must act with due diligence to avoid infringing the rights of others, which includes addressing any negative human rights impacts related to their business. They must also abide by international standards and avoid causing or contributing to adverse human rights impacts through their activities and relationships.

Beyond these minimum requirements, companies can make voluntary, positive contributions to support human rights. For example, they can create diverse and inclusive workplaces, invest in communities and public policy advocacy, and engage employees and communities to promote collective action. While these types of actions to support human rights are encouraged, they do not substitute for nor do they offset respect for human rights.

PART A. WHISTLE/ VIGIL/ GRIEVANCE REDRESSAL MECHANISM

INTRODUCTION

History is witness that there have always been informers who reveal inside information to others. Ancient Greeks talked about whistleblowing centuries before.

The word whistle blower originates from 'whistle' as used by a referee to indicate an illegal or foul play. It was coined by civilactivist Ralph Nader in early 1970's so as to avoid any negative connotations. Whistleblowing is officially defined as "making a disclosure that is in the public interest". It will usually occur when an employee discloses to a public body, usually the police or a regulatory commission that their employer is partaking inunlawful practices. A whistle blower discloses information about misconduct in the workplace that he feel violates the law or endangers the welfare of others and speaks out with an intention to expose corruption or dangers to the public or environment. Whistleblowing is to be encouraged as it is an efficient and effective way of curbing unlawful practices.

Whistleblowing incorporates two words: 'Whistle' and 'Blowing' which means blowing a whistle or revealing some information in front of the public. The information can be about public or private organizations/institutions about activities which are deemed to be illegal, immoral or fraudulent. The people who disclose the wrong-doings are known as 'Whistleblowers.'

When a disclosure is made about the wrongdoings in a business corporation, it is called corporate whistleblowing.

Corporate whistleblowing plays a pivotal role in corporate governance that is adopted by an organization or a company.

In an organization, company stakeholders could comprise the board of directors, management, shareholders, employees, clients, etc. Corporate Governance has a direct impact on the growth and stability of an organization, company, it also has bearing on the integrity and reputation ofthe company. Corporate Governance ensures that the board of directors, the management of the company are transparent and disclose all the business activity of the company to gain the trust of the investors.

The term 'whistle-blowing' is a relatively recent entry into the vocabulary of public and corporate affairs although the phenomenon itself is not new.

In many cases of corporate whistleblowing, it was observed that the employees of the organization are generally the first ones who have sustainable information in regards to any wrongdoing or any kind of unethical practice happening in the organization, company but due to fear that they would be suspended or that they would be fired from their jobs speak about such activities in the last. This makes it important that every organization or company should have a whistleblowing policy that protects the identity of the whistleblower and there should also be legislative statute that gives protection to such employees.

Furthermore, by adopting an efficacious whistleblowing structure an organization or company can ensure to dissuade employees from indulging in unlawful activities, it would also enable the organization or the company to detect any wrongdoing in advance. An efficient whistleblowing structure would also enable the whistleblower to expose any kind of wrongdoing without any fear.

Whistleblower protection policies are also an imperative element of in-house controls, ethics and compliance program, which could exhibit to shareholders and law enforcement authorities that an organization has made efforts to thwart, detect and deal with dishonest behavior.

MEANING OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

According to Ahern, McDonald, Katharyn, Sally. (2002), the concept of whistleblowing essentially means when a particular organization or the company is given a warning beforehand about any kind of corruption or any illegal activity happening within the organization, company.

"The purpose of whistleblowing is to expose secret and wrongful acts by those in power to enable reform."- Glenn Greenwald

Whistleblowing could also be understood as the process that reveals any kind of unethical activity happening within an organization, company by an employee, or any person privy to such activities.

The International Labour Organization (ILO) defines Whistleblowing as "Reporting by employees or former employees of illegal, irregular, dangerous or unethical practices by employers."

The term vigil means the purposeful surveillance to guard and observe. So, the purpose of vigil mechanism policy works on the meaning of vigil. Every company should adhere to a code of conduct and some commitment while operating its business. Some essential commitments such as maintaining the higher standards of moral, legal, and ethical conduct in its business operation. In order to maintain these standards, usually, companies attempt to protect their employees, directors and members against any victimization or harassment at the workplace.

Whistle Blower Policy or Vigil Mechanism can be understood as a mechanism for the Directors and Employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Whistle Blower Policy / Vigil Mechanism aims to establish a mechanism to receive complaints relating to disclosure on any allegation of corruption or wilful misuse of power or wilful misuse of discretion, to report concerns about unethical behaviour, actual or suspected fraud, leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information or violation of the Code of Business Conduct and Ethics for Board of Directors and Employees, against any employee/public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimization of the person making such complaint subject to the disclosure or complaint being made in good faith and in reasonable time.

GENESIS OF WHISTLE BLOWING

The idea of whistleblowing had been in the practice since long back. During the time of Kautilya, the idea similar to the whistleblowing had appeared. Although the term whistle-blowing is recent word added in the vocabulary but the phenomenon is not new one. The strategy of Kautilya resembled with the vigil mechanism. The strategy of Kautilya states that- "Any witness who supplies data about extortion and on the off chance that he/she prevails with regards to demonstrating it, will get the reward of one-6th of the sum being referred to; or if the source is an administration worker, he/she might get one-twelfth of the sum for a similar demonstration."

Whistleblowing had also been discussed in ancient Greece for generations. In his speech against Leokratis, Lykourgos, the Athenian orator, said: ***"Neither laws nor judges can bring any results until someone condemns the lawbreakers."***

The word whistle-blowing was coined by Ralph Nadar, a civil activist in the 1970's. Officially, Whistleblowing is defined as "making a public-interest disclosure." It usually occurs when an employee reports to a public entity, usually the police or a regulatory commission, that their employer is engaging in illegal behaviour. A whistleblower discloses information about workplace malpractice that he believes violates the law or jeopardizes the well-being of others, and speaks out in order to expose corruption or threats to the public or the environment.

In US, The Sarbanes-Oxley Act of 2002 was enacted by the United States Congress on July 30, 2002, to enable investors protect themselves from misleading financial reporting by corporations. This Act is also called as SOX Act of 2002 and corporate responsibility Act of 2002. This Act brought new strict reforms for existing securities regulations and imposed resilient penalties on lawbreakers. The Act of Sarbanes-Oxley Act of 2002 came into existence after the financial scandals in the early 2000s.This Act mandates every listed companies in USA to have whistle-blowing policy in place. The main objective of the Act is to protect the investors through improving the transparency, disclosure norms, and reliability of every information of the companies.

Similarly, UK has also enacted the Public Interest Disclosure Act, 1998 to prevent the companies' employees from discriminating against the whistle-blowing employees.

In 2001, the Indian Legislation Commission proposed that a law protecting whistleblowers be enacted in order to combat corruption. It had also written a bill to address the problem. In the year 2004, the government notified the "Public Interest Disclosure and Protection of Informers Resolution (PIDPIR)" and in response to this resolution, the Central Vigilance Commission (CVC) was established only to protect the government employees.

The Second Administrative Reforms Commission's report from 2007 also urged that a separate statute be enacted to protect whistleblowers.

India then enacted the Whistle Blowers Protection Act, 2014 ("Whistle Blowers Act"), which is applicable only to public servants. It was enacted with the intent to establish a mechanism to:

- receive complaints relating to disclosure of any allegation of corruption, wilful misuse of against any public servant;
- to inquire or cause an inquiry into such disclosure; and
- to provide adequate safeguards against victimization of the person making such complaint.

The Whistle Blowers Act may be utilized by any person to make a public interest disclosure. An amendment to the aforementioned Act was proposed in the form of the Whistleblowers Protection (Amendment) Bill, 2015 ("Amendment Bill"). The Amendment Bill sought to, inter alia, incorporate necessary safeguards against disclosures that may prejudicially affect the sovereignty and integrity of the country, security of the State, etc. However, the Amendment Bill was not passed by the Rajya Sabha and consequently, it lapsed.

More about whistle blower legislation in India is provided later in the chapter.

NEED FOR A WHISTLE-BLOWING MECHANISM

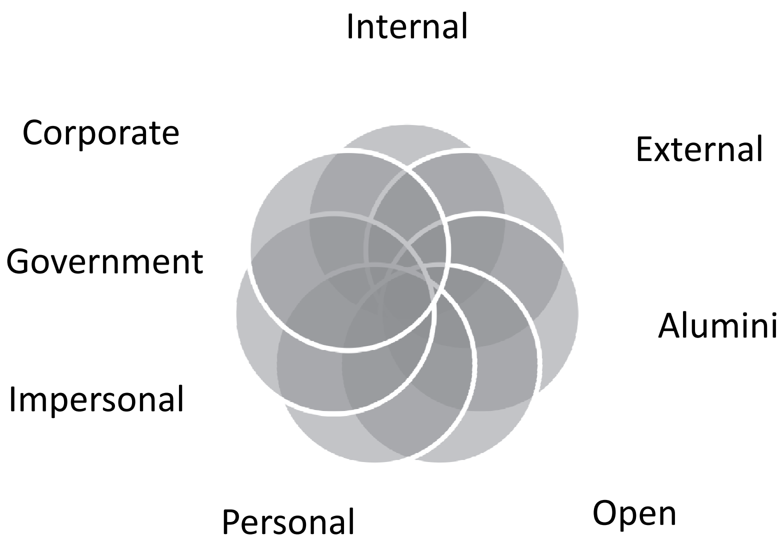
The corporate sector not only in India but the world over has been through several progressive changes over the last few decades. These changes, however, have constantly been overpowered by widespread controversial corporate scandals. These scandals not only adversely impact the reputation of the company but also hamper the interest of various investors and stakeholders of the company. Those inside the organization are definitely better positioned to prevent these wrong happenings and thus the even increasing need for whistle blower policy.

The need for whistle blower policy is for the following reasons -

- **To promote transparency:**
  - An effective whistle blowing policy facilitates a transparency among employees.
- **Prevent victimization of whistle blowers:**
  - A robust whistle blowing mechanism protects anyone who exposes alleged wrongdoing in the institutions and projects.

- **To promote an open enterprise culture:**
  - ➢ Effective protection of whistleblowers will support an open enterprise culture where employees not only have confidence in reporting but are also aware of the reporting procedures.
- **Reduce corruption:**
  - ➢ Strengthening whistle blowing mechanism will helps to prevent misuse of power by public servants and thus curb corruption.
- **To uphold rule of law and democracy:**
  - ➢ Strengthening of the whistleblower protection mechanism will helps in upholding the principles of democracy and ensure public participation in governance.
- **To create a better work environment:**
  - ➢ Whistle blowing helps in rectifying even the smallest incidents of wrongdoing, thereby instilling similar responsibilities in others and creating a better environment for all.

Types of Whistle Blowers



Internal: When the whistleblower reports the wrong doings to the officials at higher position in the organization. The usual subjects of internal whistleblowing are disloyalty, improper conduct, indiscipline, insubordination, disobedience etc.

External: Where the wrongdoings are reported to the people outside the organization like media, public interest groups or enforcement agencies it is called external whistle blowing.

Alumini: When the whistle blowing is done by the former employee of the organization it is called alumini whistle blowing.

Open: When the identity of the whistleblower is revealed, it is called Open Whistle Blowing.

Personal: Where the organizational wrongdoings are to harm one person only, disclosing such wrong doings it is called personal whistle blowing.

Impersonal: When the wrong doing is to harm others, it is called impersonal whistle blowing.

Government: When a disclosure is made about wrong doings or unethical practices adopted by the officials of the Government.

Corporate: When a disclosure is made about the wrongdoings in a business corporation, it is called corporate whistle blowing.

LEGISLATIVE FRAMEWORK IN INDIA SUPPLEMENTING THE WHISTLEBLOWING MECHANISM

The legislative framework in India about the protection of a whistleblower is still in a nascent stage as compared to the legislative framework adopted by countries like the United Kingdom and the United States of America.

Several pieces of legislation lay down provisions governing the process of whistleblowing and granting protection to the whistleblower. The following are the laws,

- The Whistleblowing Protection Act, 2014.
- The Companies Act, 2013 read along with "The Companies (Meeting Board and its Power) Rules 2014.
- The SEBI (Listing obligation and Disclosure requirement) Regulations, 2015.

The Whistle Blowers Protection Act, 2014

The Whistle-blower Protection Act, passed in May 2014, established guidelines for whistle-blower protection in non-corporate cases. Under this Act, the Central Vigilance Commissioner is responsible for receiving complaints, reviewing public disclosure requests, and ensuring that complainants are protected under the law.

The law created a legal mechanism to deal with complaints about allegations of corruption or intentional misuse of power or discretion against any public servant and to investigate or cause an investigation into such allegations. It allows anyone, including government employees, to make a general interest disclosure before a Competent Authority. It also defines various competent authorities in great detail. It also provides safeguards to conceal the identity and safeguards against the victimization of the complainant. The law doesn't allow anonymous complaints and there will be no actions on such complaints. The maximum period for making such a complaint is seven years.

Any person who is dissatisfied with a Competent Authority order may file an appeal with the concerned High Court within sixty days of the date of the order.

Anyone who reveals the identity of a complainant unintentionally or purposely will face imprisonment.

The Act does not apply to Special Protection Group (SPG) personnel and officers who were formed under the Special Protection Group Act of 1988.

The Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules 2014

Under Section 177(9) read with Companies (Meetings of Board and its Powers) Rules, 2014, it is mandatory for

- All the listed companies and
- Companies which accept deposits from the public
- Companies which have borrowed money from Banks and Public Financial Institutions in excess of Rs.50 crores

to establish Vigil/Whistle-blowing mechanism to report any unethical behaviour or other concerns to the management.

Companies which are required to constitute an audit committee shall operate the vigil mechanism through the audit committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand. For other companies, the Board of directors shall nominate a director to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.

It provide adequate safeguards against victimization of employees and directors who avail of the Vigil mechanism and also provide for direct access to the chairperson of the Audit committee or the director nominated to play the role of audit committee, as the case may be, in exceptional cases.

Once established, the existence of the mechanism may be appropriately communicated within the organization. The details of establishment of Vigil mechanism shall be disclosed by the company in the website, if any, and in the Board's Report. In case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee including reprimand. Section 208 and Section 210 of the Companies Act, 2013 give the Registrar or the Inspector additional power to investigate the records of the companies and upon doing so submit a report to the central government. If further contains that they need to provide the government with all the relevant documents and also provide them with any suggestions that they may have to pertain to the investigation.

Section 210 of the Act, lays down the procedure that needs to followed by the registrar or the inspector while investigating the affairs of a company.

Companies (Auditor's Report) Order, 2020 [CARO 2020]

The ministry of corporate affairs to strengthen the practice of corporate governance among the Indian Companies issued an order making it mandatory for all the listed companies to reveal all the whistleblower complaints to the auditor and the same shall be mentioned in the report published by the auditor.

The SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Since listed companies deal with the money of investors and public, they are subjected to higher regulatory and legal framework as compared to private companies. Also, listed companies have higher market capitalization than private companies and the money involved, risk and chances of unfair practices and wrongdoings are also much more. Accordingly, the listed companies in addition to Companies Act also have to follow various SEBI regulations.

The SEBI LODR has several regulations which mandate the listed companies to disclose material events and ensure effective corporate governance in the company, some of these regulations are Regulation 22 of the SEBI LODR Regulations which is similar to Section 177 of the Act and provides for establishment of vigil mechanism in every listed company for reporting genuine grievances of employees and directors and also provides for protection to them against victimization. Regulation 46 states that every listed company has to disseminate vigil mechanism and its whistle-blower policy on a separate section on its website. Further, as per regulation 34 and 53 the company under the heading corporate governance in its annual report also has to state the details of the vigil mechanism and its whistle-blower policy and also further mention that no personnel have been denied access to the audit committee. Similarly, Regulation 4(2)(d)(iv) mandates every listed company to establish a vigil mechanism/ whistle-blower policy which would enable the stakeholder of the company such as employees and their representative bodies to lodge complaints against unethical and illegal practices in the company. Schedule II of the SEBI LODR Regulations states that the audit committee of the company shall be responsible for the reviewing the functioning of the vigilance mechanism.

MAJOR WHISTLE BLOWING LEGISLATIONS AROUND THE WORLD

Many countries have devised and adopted a variety of laws and procedures for protecting and encouraging Whistle Blowing as discussed below:

The United States

The US has dozens of whistle-blower laws at the state and federal level, as well as separate clauses in legislation designed to achieve other health, safety or welfare objectives. The three principal acts, however, are the Whistle-blower Protection Act 1989, the Corporate and Criminal Accountability Act (Sarbanes-Oxley Act), and the False Claims Act.

(A) The Whistle-blower Protection Act, 1989

The Whistleblower Protection Enhancement Act, 2012 was signed into law in November 27, 2012. The Whistleblower Protection Enhancement Act (WPEA) provides millions of federal workers with the rights they need to report government corruption and wrongdoing safely. The WPEA makes federal whistleblower rights stronger that at any time in history, lapping those created by the Whistleblower Protection Act of 1989 (WPA). This update is long overdue, as WPA protections were very weak.

The WPA was a landmark good government law with the mandate to protect federal employees who report waste, fraud and abuse. Over the past two decades, the WPA has fallen victim to hostile judicial activism. Unfortunately, with every month that passed before enactment of the WPEA, the status of federal government whistleblowers continued to erode due to a lack of viable rights. Formerly under the WPA, federal employees were not eligible for whistleblower protections if they:

- were not the first person who discloses given misconduct
- made a disclosure to a co-worker
- made a disclosure to a supervisor
- disclosed the consequences of a policy decision, or
- blew the whistle while carrying out job duties

Sections 101 and 102 of the WPEA restore the original intent of the WPA to adequately protect whistleblowers by clarifying that a disclosure does not lose protection because: (1) the disclosure was made to a person, including a supervisor, who participated in the wrongdoing disclosed; (2) the disclosure revealed information that had previously been disclosed; (3) of the employee or applicant's motive for making the disclosure; (4) the disclosure was made while the employee was off duty; or (5) of the amount of time which has passed since the occurrence of the events described in the disclosure. Section 101(b)(2) also clarifies that a disclosure is not excluded from protection because it was made during the employee's normal course of duties, providing the employee is able to show that the personnel action was taken in reprisal for the disclosure.

(B) The Sarbanes-Oxley Act

The Sarbanes-Oxley Act was passed in 2002 to combat corporate criminal fraud and to strengthen corporate accountability. It was a legislative response to the fraudulent activities exemplified by World Com and Enron Corporation. The Act provides for enhanced financial disclosures and auditor independence of publicly held corporations. Section 301 of the Act requires that audit committees of the boards of public corporations establish procedures for 'the confidential, anonymous submission by employees' of complaints regarding internal accounting controls or auditing matters. The Act provides some protections and assistance for the whistle-blower.

Employees are not required to complain to their employers first, but may complain to a Federal regulatory or law enforcement agency; any Member of Congress or any committee of Congress; or a person with supervisory authority over the employee. It does entertain the right of the whistle-blower to take legal action if they suffer retaliation. Those found guilty of retaliation are liable to up to ten years in prison. The impact of the Sarbanes-Oxley Act, however, is primarily limited to financial matters.

(C) The False Claims Act

Designed to stop fraud against the government, this act was passed during the US civil war under the administration of Abraham Lincoln. Regarded as the single most successful Whistle Blowing legislation in the country, the False Claims Act works by providing the whistle-blower between 15 and 30 per cent of the government's total recovery, the percentage depending on the extent to which the whistle-blower took the action that enabled the recovery to take place. It was amended in 1986 to establish protections for whistle-blowers, and to prevent harassing and retaliation against them. The Bill, which permits an anonymous disclosure, has been copied by a number of states in the US.

The United Kingdom

In UK, to protect whistle-blowers, legislation was enacted in the wake of well- publicized scandals and disasters that occurred in 1980s and early 1990s. These included the collapse of Bank of Credit and Commerce International (BCCI), the drowning of four children at Lyme Bay, and the Clapham Rail crash.

(A) The Public Interest Disclosure Act of 1998

The Public Interest Disclosure Act (PIDA) became effective on July 2, 1999, in England, Wales and Scotland, as an amendment to the Employment Rights Act of 1996. PIDA covers both private and public employees (except police officers), and provides that "a worker has the right not to be subjected to any detriment by any act, or any deliberate failure to act, done on the ground that the worker has made a protected disclosure." Under the PIDA, whistle- blowers must use prescribed channels for making disclosures in order to retain the Act's protection. The disclosure can be made to the employer itself or an appropriate authority, and forbids the disclosure to media. As is clearly apparent, the UK's scheme is materially different from that of the United States, which does not require employees to use any particular channel to raise their concerns.

Canada

Canada has very few laws which pertain directly to Whistle Blowing. The federal government enacted the Public Servants Disclosure Protection Act in 2007. The intent of this act is to protect most of the federal public service from reprisals for reporting wrongdoing. However, this Act has been extensively criticized as setting too many conditions on whistle-blowers and for protecting wrongdoers.

Several provinces also have legislation which protects whistle-blowers to an extent:

Section 28 of the New Brunswick Employment Standards Act, Chap.E-7.2, provides specific protection for those reporting wrongdoing.

In Ontario, the Environmental Protection Act, R.S.0. 1990, ¢. E.19 and the Environmental Bill of Rights, S.0. 1993, c. 28 provide protection.

Saskatchewan's Labour Standards Act provides protection, although the reporting must have been done to a lawful authority. A number of other acts provide narrow protections to individuals reporting wrongdoing under those acts.

Australia

Australia has amended its Corporations Act to provide protection to officers, employees, and contractors and their employees. The Act provides protection against any retaliation against a whistle-blower and gives them a civil right, including the right to seek reinstatement of employment. It also provides qualified privilege against defamation and precludes contractual or other remedies being enforced including civil and criminal liability for making the disclosure.

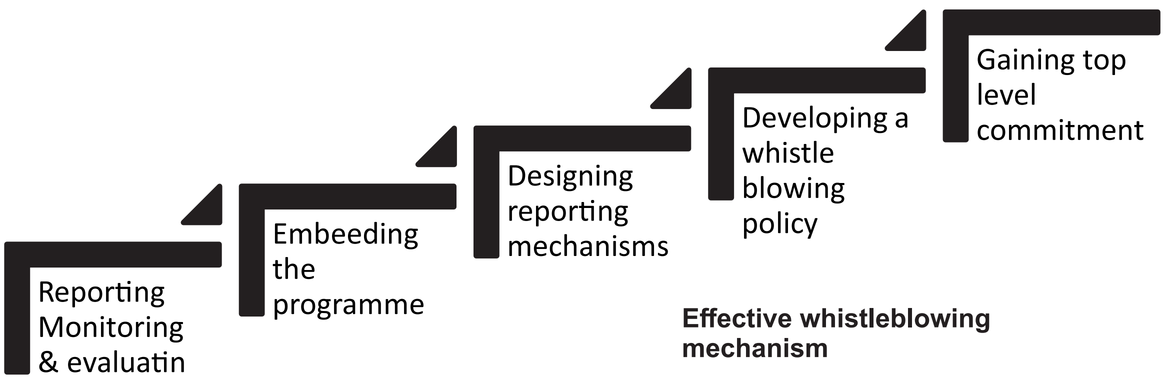
Secrecy provisions in any employment will not preclude Whistle Blowing. Disclosures which are covered include those made to the securities regulator; the company's auditor or a member of the audit team; a director, company secretary or senior manager of the company; and any other person authorized by the company to receive revelations of this kind. Interestingly, whistle-blowers must give their name before making the disclosure in order to receive protection under the Act.

EXAMPLE OF VIGIL MECHANISM POLICIES OF INDIAN COMPANIES

in line with the statutory mandate almost all the listed companies have come out with their own whistle-blower policy. For example the HCL Limited has gone a step ahead and their whistle-blower policy is not only for the internal stakeholders but also external stakeholders such as third-party vendors, internal or external auditors etc. In a case of violation of Company's code of business ethics or breach of any of the company policy or insider trading, the complainant can lodge a complaint under the said policy. The Company has constituted an Ethics Committee and has a provision for Ombudsperson which is entrusted to investigate complaints and in exceptional cases the complainant can also have direct access to the chairman of the audit committee, the policy provides that the complaints are encouraged to be made in writing and may be can sent either electronically or by post at the address given in the policy.

Likewise, TATA Power Ltd also provides for Whistle-blower Policy wherein an employee, director or any other stakeholder of the company such as customers, vendor, suppliers etc. can make protected disclosures to the Chief Ethics Counsellor or to the Audit Committee, as the case may be, for violation of the TATA Code of Conduct. On the basis of this information, the Company will carry out an internal investigation under the supervision of the chairperson of the audit committee and identity of the Whistle-blower will be kept confidential and post investigation and after hearing the 'subject' i.e., against whom the complaint has been made, the management of the company will recommend appropriate action to the audit committee for its consideration and approval. In case of frivolous Protected Disclosures, the policy states that Audit Committee may take appropriate action against the Whistle-blower.

Best Practices in designing and implementing effective whistle blowing mechanism:



Seven Dimensions of Organizational Culture the influence the Employee Reflection Process that ultimately leads to Whistle Blowing Behaviour are:

(1) Vigilance	(2) Engagement	(3) Credibility	(4) Accountability
(5) Empowerment	(6) Courage	(7) Options	

SOME WHISTLE BLOWER CASES IN INDIA

- **Satyendra Dubey Case (1973-2003):** He was an Indian Engineering Service (IES) officer posted as Project Director in the National Highways Authority of India (N.H.A.I) at Koderma, JHARKHAND. Indian Government led by Atal Bihari Vajpayee started ambitious Golden Quadrilateral project to connect all major cities of India via four and six lane highways. At this time he was responsible for the expansion of Aurangabad-Barachatti section of National Highway 2. He discovered that Larsen and Toubro had taken contract from Indian government and passed it to smaller contract mafias who were incapable of handling such a large scale project. Apart from this, he noticed that proper procedure and quality was not maintained while constructing the roads. He wrote to his senior officials in N.H.A.I and when he didn't get proper response he wrote directly to Prime Minister Atal Bihari Vajpayee office. He requested that his identity to be kept secret. But PMO officials circulated his letter along with details of his identity among the bureaucracy. The number of noting on the file bear witness to this (The Indian Express, November 30, 2003). While the file was making the rounds, not one official thought about the threat Dubey was being exposed to. Why officials in the PMO did not heed Dubey's request for anonymity is not known. But just over a year later, on November 27, 2003, he was murdered in Gaya, Bihar,

- **M Shanmugam Manjunath Case (1978-2005):** He was a manager at Indian Oil Corporation (IOC) posted in Lakhimpur Kheri in Uttar Pradesh. Manjunath was murdered for sealing a corrupt petrol station which was selling adulterated fuel. He had sealed two petrol pumps in Lakhimpur Kheri for three months and when they started operating again he took a surprise raid to check the quality of fuel. He was shot six times and his dead body was found in the back seat of his car. This news created huge outcry in nation and media. Sessions court found all accused guilty and sentenced them to death. Allahabad high court changed the verdict to life imprisonment of 5 while acquitting the other two. Indian Oil Corporation paid a compensation of 2.6 million INR to Manjunath's Family.

- **Narendra Kumar Case (1979-2012):** Narendra Kumar was an Indian Police Service (I.P.S) officer from 2009 batch and he was posted in Morena district of Indian state of Madhya Pradesh. Morena district is famous for fine quality of sand found in Chambal River bed which is used in construction of buildings, and in past years illegal mining is rampant in not only Morena District but in many parts of Madhya Pradesh. Narendra Kumar was posted as sub-divisional police officer in Morena district and he had been trying to stop illegal quarrying in the area. On 8th March he received information about illegally mined stones being carried in a tractor. He went to check if the information was true or not. He reached the spot and asked the driver to stop but the tractor driver ignored his warning and ran vehicle over him.

- **Lalit Mehta Case (1972-2008):** Lalit Mehta was a Right to Information (R.T.I) activist who had exposed ongoing scams in National Rural Employment Guarantee Act in Palamau District of Jharkhand. Lalit Mehta was an engineer turned social activist. He was actively involved in activities that sought to advance rural employment, basic health facilities, right to food, and child rights. At the time he was working as full-time activist of the Right to Food Campaign. He was also the secretary of the Vikas Sahyog Kendra (VSK), a non- governmental organization based in Palamau. On the evening of 14th May 2008 he was travelling back to Chatarpur on his motor bike when he was attacked and killed. The Chhatarpur Police found his mutilated body and a belt around his neck Kandaghati in Chhatarpur on May 15. He was strangled and his face was smashed to deformed beyond recognition. It was suspected that he was murdered by "people who siphoned off NREGS funds". National RTI Forum started Lalit Mehta RTI Gallantry Award, honoring his contribution in exposing scams viaR.T.IL.

- **SP Mahantesh Case:** He was serving as a Deputy Director of Cooperative Audit in Karnataka. Through his investigation he found that there were several irregularities in land acquisition, layout formation and allotment of sites and it involved many officials and politicians. He had prepared an audit report of the BEML Employees' Cooperative Society, which was accused of making improper land allotments to several influential persons. He was attacked thrice prior to final assault that claimed his life on 15th May 2012.0n the evening of 15th May he was driving home in his Maruti 800 when he was stopped by four assailants. Attackers first dragged him out and beat him with iron rods and punches. When he went unconscious, his body was thrown on sharp stones. This whole accident happened at high security zone where chief justice of Karnataka lives but according to police out of 16 CCTV cameras none was able to record footage as it was raining heavily that day. The 48-year-old died five days later due to a cardiac arrest.

- **Satish Shetty Case (1970-2010):** Satish was an Indian social activist and he was noted for exposing many land scams in state of Maharashtra. He had used the Right to Information Act to expose irregularities in Government offices and construction work carried out in Maharashtra. Shetty was a systematic whistle-blower and he was credited with throwing light on several major land scams in the Talegaon-Lonavala regions a famous region in Maharashtra for Real- Estate developers and retailors. He also exposed the corruption in the construction of country's first expressway the Mumbai-Pune expressway. In the morning of 13th January he was attacked by three to four masked men with butcher's knives when he was reading a newspaper at a kiosk at around 7 on his way home from a morning walk. The police investigations proposed a different theory for the murder, and eventually the case was transferred to CBI.

- **Rinku Singh Rahi Case:** He was Provincial Civil Services (PCS) civil servant and he was fighting against corruption in sponsored welfare schemes in Uttar Pradesh (UP). He was born in Aligarh and completed his B.Tech degree in Metallurgy at NIT, Jamshedpur in 2002. In the same year, he scored All India 17th rank in GATE but he opted for a civil services career instead. Rahi ordered an inquiry into the allocation of funds by social welfare department in Muzaffarnagar over the last five years and he found discrepancies. Out of the allocated funds to be distributed as part of Old-age pension scheme, money was taken for 62,447 people but only 47,707 beneficiaries received it. There were no records for 55 million rupees distributed to 22,000 OBC students and 110 million rupees distributed to all BPL families. He also went on hunger strike to draw attention of the State Government's reply on his pending RTI applications. He was shot six times by local gangsters, damaging his jaw and the vision of one eye and he is currently working as a coordinator at Bhimrao Ambedkar coaching center in his hometown.

- **Yashwant Sonawane Case:** He was posted as Additional District Collector of Malegaon (Maharashtra). He had received information about oil adulteration carried out at large scale in Malegaon. While going to Nandgaon he spotted a few trucks parked in a very suspicious manner near the road side. Trucks of big oil companies like IOC, HPCL and BPCL were parked. When he started investigating about the trucks people indulged in oil adulteration, attacked the officer, beat him up and then set him on fire. He was declared dead on arrival at the hospital.

- **D. K. Ravi Case (1979-2015):** Doddakoppalu Kariyappa Ravi commonly known as D. K. Ravi was an Indian Administrative Service officer of Karnataka cadre from the 2009 batch. He was posted as Deputy Commissioner in Kolar district and was known as pro-people administrator and started crackdown of illegal sand mining and encroachment of government lands in Kolar and Gulbarga. Later on he was transferred to Bangalore as Additional Commissioner of Commercial Taxes and there he prepared a list of many tax defaulters and set a target of 1000 crores to collect from tax evading defaulters. During first two weeks of his working he collected 138 crore INR from tax defaulters and came into lime light of many political goons. He received many threat calls from tax defaulters and sand mafia. On 16th March 2015 he was found dead with his body hanging on celling fan in his residence in Koramangala, Bangalore. The initial police investigation, forensic and medical evidence showed it a case of suicide but then protest erupted in cities where he worked and mass band was organized by opposition parties for handing over the inquiry to Central Bureau of Investigation (C.B.I). On 13 April, 2015, the Centre ordered a CBI probe into the mysterious death of IAS officer DK Ravi and the case is still going on.

- **V. Saseendran Case:** V. Saseendran was the Company Secretary of Malabar Cements Limited, a PSU. In 2007, Saseendran was prime witness in audit reports stating that the company registered a loss of Rs. 400 crores because of rampant corruption. Later Saseendran was forced to withdraw his allegation. In September 2010, V. Saseendran wrote to the Chief Minister of Kerla, Industries Minister and Vigilance Director informing them about rampant corruption in the loss-making company. He alleged that the managing director's secretary was leaking vital company information. He had been found hanging in his house in Palakkad with his two sons aged eight and eleven on February 24, 2011.

SAFEGUARDS TO WHISTLE BLOWERS

The existing laws contain various provisions that restrict the access to the whistle-blowers and thereby prevent their disclosure. For instance, under section 173 (6) of Cr.P.C the police officer can form an opinion that any part of the statement recorded under section 161 of the Code of a person, the prosecution proposes to examine as its witness, need not be disclosed to the accused if it is not essential in the interests of justice or is inexpedient in the public interest.

Similarly, though section 273 of the Code requires the evidence to be taken in the presence of the accused, section 299 indicates that in certain exceptional circumstances an accused may be denied his right to cross-examine a prosecution witness in open court. The concerned person or witness may be the whistle-blower, whose identity can be concealed by the courts in the interest of justice. Further, the Law Commission of India and other Commissions have also contributed significantly for the protection of whistle-blowers. The 14th Report of the Law Commission (1958) examined, inter alia, the question of providing adequate facilities to witnesses attending cases in courts. The 4th Report of the National Police Commission (1980) acknowledged the troubles undergone by witnesses attending proceedings in courts. The 154th Report of the Law Commission (1996) particularly noted: "Necessary confidence has to be created in the minds of the witnesses that they would be protected from the wrath of the accused in any eventuality."

In its 178th Report (2001), the Law Commission recommended the insertion of section 164A in the Cr.PC to provide for recording of the statement of material witnesses in the presence of Magistrates where the offences were punishable with imprisonment of 10 years and more. On the basis of this recommendation, the Criminal Law (Amendment) Bill, 2003 was introduced in the Rajya Sabha and is pending enactment.

The Law Commission's 179th Report on Public Interest Disclosures and the Protection of Informers, states thus: "Good-faith whistle-blowers represent the highest ideals of public service and challenge abuses of power. They test loyalty with the highest moral principles but place the country above loyalties to persons, parties or Governments". The same also seems to be stress of the "consultation paper on witness identity protection and witness protection programmes" issued by the Law Commission. These provisions must be construed in a liberal manner by the courts to protect the whistle-blowers.

JUDICIAL RESPONSE

The response of the Supreme Court for providing protection to witnesses and whistle-blowers is positive and justice oriented. The Supreme Court, in *Gurbachan Singh* v. *State of Bombay*, upheld a provision of the Bombay Police Act, 1951 that denied permission to a detenue to cross-examine the witnesses who had deposed against him. It was held that the law was only to deal with exceptional cases where witnesses, for fear of violence to their person or property, were unwilling to depose publicly against bad character.

In *Naresh Mirajkar* v. *State of Maharashtra*, the Supreme Court recognised the validity of the procedure of holding an in-camera trial. The Supreme Court was of the opinion that in certain circumstances, the identity of the witness can be kept secret and concealed by holding an in-camera trial. The decision of *Maneka Sanjay Gandhi* v. *Rani Jethmalani*, stressed the need for a congenial atmosphere for the conduct of a fair trial and this included the protection of witnesses.

Similarly, in *A.K. Roy* v. *Union of India*, stressing on the need to protect the identity of the informant, the Supreme Court held that the disclosure of the identity of the informant may abort the very process of preventive detention because, no one will be willing to come forward to give information of any prejudicial activity if his identity is going to be disclosed, which may have to be done under the stress of cross-examination.

In *Kartar Singh* v. *State of Punjab*, the Supreme Court upheld the validity of ss.16 (2) and (3) of the Terrorist and Disruptive Activities (Prevention) Act, 1987 (TADA) which gave the discretion to the Designated Court to keep the identity and address of a witness secret upon certain contingencies; to hold the proceedings at a place to be decided by the court and to withhold the names and addresses of witnesses in its orders.

The court held that the right of the accused to cross-examine the prosecution witnesses was not absolute but was subject to exceptions. The same reasoning was applied to uphold the validity of Sec. 30 of the Prevention of Terrorism Act, 2002 (POTA) in People's Union of Civil Liberties v. Union of India. In *State of Maharashtra* v. *Dr. Praful. B. Desai,* the Supreme Court observed: "The evidence can be both oral and documentary and electronic records can be produced as evidence. This means that evidence, even in criminal matters, can also be by way of electronic records. This would include video conferencing.

Video conferencing is an advancement in science and technology which permits one to see, hear and talk with someone far away, with the same facility and ease as if he is present before the concerned person with whom he is communicating with.

Thus, it is clear that so long as the accused and/or his pleader are present when evidence is recorded by video conferencing that evidence is recorded in the "presence" of the accused and would thus fully meet the requirements of section 278, Criminal Procedure Code. Recording of such evidence would be as per "procedure established by law". This judgment of the Supreme Court is a landmark judgment as it has the potential to seek help of those witnesses who are crucial for rendering the complete justice but who cannot come due to "territorial distances" or even due to fear, expenses, old age, etc.

In *Sakshi* v. *U.O.I*, the Supreme Court referred to the 172™ Report of the Law Commission and laid down that certain procedural safeguards had to be followed to protect the victim of child sexual abuse during the conduct of the trial.

WHISTLE BLOWING – WAY FORWARD

On 18th January, 2021, Vice-President of India suggested the corporates to encourage whistle-blowing mechanism and provide adequate safeguards for the protection of whistle-blowers.

Corporate Governance is considered to be *sin non qua* for any company to operate, if a company has a strong corporate governance framework, then the company can conduct its operation with full transparency and can promote the policy of full disclosures to strengthen their relationship with all the stakeholders and their employees. Having a good corporate governance framework will ensure stability and growth for the company.

A strong Whistleblowing Framework helps a company to implement the practice of accountability efficiently, it could further encourage the employees to elevate their concerns to the concerned authorities and prevent any wrongdoing or malpractice, corruption, or fraud in the early stages thus maintaining their reputation.

The scope for whistleblowing looks encouraging in India. In the past several years with a lot of scandals coming to light more and more companies are encouraged to implement an efficacious and efficient whistleblower policy. Whistleblower Policy is an integral part of the corporate framework of the coming, if the companies are successful in implementing a strong whistleblowing framework it could help detect any kind of wrongdoing and would also discourage the employees from indulging in any kind of malpractices.

The company while adopting a whistleblowing framework should ensure that the framework has adequate safeguards to keep the identity of the complainant hidden along with this the company shall also adopt an incentive mechanism wherein if the complainant raises their apprehension for any kind of wrongdoing or proves that the company is indulging in any kind of malpractice and communicates evidence that proves the allegation then in such case the complainant shall be rewarded. Some of the suggestions to move forward are:

- **Awareness generation:**
  - The people must be made aware about the legislative provisions and their usage.
  - Educating people is necessary so that they can understand the benefits of disclosing the wrongdoings.
- **Protecting the identity of whistleblowers:**
  - Individual's identity shall not be disclosed at any cost until unless they give their consent on it or it is required in the public interest.
  - Such a mechanism will help to ensure robust protection to whistleblowers identity.
- **Widening the scope:**
  - Incorporating state government / private bodies will widen the scope of anti-corruption.

PART B. WORKPLACE PRACTICES

There is a growing recognition that human capital is a source of competitive advantage for organisations. Employees are an integral part of an organization's stakeholder list and protecting their rights is an essential element of corporate governance. There is enough research to establish that employee representation and participation in corporate governance enhances wealth creation. Corporate leaders increasingly understand that people and the knowledge they create are often the most valuable assets in a corporation.

Discussed below are few areas where the organization need to focus on for maintaining healthy employee relationship and for protection of employee rights.

HEALTH AND SAFETY

The Constitution of India provide detailed provisions for the rights of the citizens and also lays down the Directive Principles of State Policy which set an aim to which the activities of the state are to be guided. On the basis of these Directive Principles as well as international instruments, Government is committed to regulate all economic activities for management of safety and health risks at workplaces and to provide measures so as to ensure safe and healthy working conditions for every working man and woman in the nation. Government recognizes that safety and health of workers has a positive impact on productivity and economic and social development. Prevention is an integral part of economic activities as high safety and health standard at work is as important as good business performance for new as well as existing industries.

Health and safety should be a key component of every company's corporate governance framework by ensuring that companies provide a safe workplace for employees, contractors, and visitors. It is highly important to educate management and employees on the essence of health and safety compliance as part of corporate governance.

For many organisations, health and safety is a corporate governance issue. The board should integrate health and safety into the main governance structures, including board sub-committees, such as risk, remuneration and audit.

The International Labour Organization (ILO) estimates that every year, around 2.3 million workers around the world face fatal circumstances due to work-related accidents, that is why public and private sector organizations throughout the world are increasingly concerned with improving occupational health and safety in both developed and developing countries.

The rapid pace of technological and natural changes, combined with the persistence of unsafe and environmentally threatening working conditions, has served to focus attention on the requirement to make a secure, healthy operating environment, and to push a coherent safety culture within the workplace.

Why is Occupational Health and Safety important?

Occupational Health and Safety (OHS) focuses primarily on protecting employees in the workplace from accidents, injuries, and exposure to harmful substances. While accidents can happen at any time, it is still the employer's responsibility to ensure that they take steps to reduce the risk of incidents and maintain a safe working environment. Prioritizing OHS at your business has several key benefits, including:

- Reduced risk or accidents or injuries by identifying and mitigating hazards
- Improved efficiency and productivity due to fewer employees missing work from illness or injury
- Improved employee relations and morale (a safer work environment is a less stressful work environment)
- Reduced costs associated with accidents or injuries (healthcare and rehabilitative costs, losses in productivity, impact on employees' well-being)
- Lower insurance premiums resulting from fewer workplace incidents and workers' compensation claims

It's no secret that all industries have safety hazards of some sort. The most important aspect of a good Occupational Health and Safety policy is identifying these hazards and ensuring that employees have the training, safety equipment, and other resources needed to work safely. Failure to implement effective policies and precautions can lead to injuries, reduced productivity due to the absence or loss of skilled labor, workers' compensation claims, and possible penalties from the Occupational Safety and Health Administration (OSHA).

The implementation of occupational health and safety standards helps organizations to:

Reduce workplace incidents

Organizations will experience fewer unpleasant surprises if they address hazards in their operations. Employers can discover possibilities to improve safety and productivity by recognizing possible dangers and avoid workplace incidents.

Reduce absenteeism and staff turnover

By managing Health and Safety hazards in the workplace more effectively, managers can better protect employees, which lower absenteeism and staff turnover rates.

Increase productivity

Productivity suffers whenever a worker is hurt and unable to work again. Hiring and training a successor takes time away. Additionally, one might need to temporarily halt operations if any equipment was destroyed in the event.

Reduce the cost of insurance premiums

By implementing proper safety measures, an organization can establish a foundation for attracting lower insurance premiums by demonstrating that it is taking great precautions to manage and safeguard its people.

Create a proper health and safety culture

This guarantees that top-level management or safety management people bear accountability and ownership. The occupational health and safety of employees is continuously enhanced over time by having senior leadership involved and a clearly articulated approach for detecting danger.

Enhance reputation

The company will be viewed as a top-tier industry player and gain international recognition if it adopts the most modern occupational health and safety standards. It will assist to distinguish the company from your rivals.

Improve staff morale

Instead of quality management of the employed workplace systems and equipment, the emphasis needs to be largely on the physical and mental health of the personnel. it is critical to understand this component since it raises employee morale, which has a big influence on attrition and retention rates.

CASE STUDY

Union Carbide Corporation v. Union of India

The Bhopal gas leak case is still considered the world's worst industrial disaster. In the year 1934, American Industrial giant Union carbide incorporated with the Union of India to form Union Carbide India Limited (UCIL), in which Union Carbide was a majority shareholder holding a stake of 51%. The main objective of the company was to manufacture chemicals, batteries, pesticides and other industrial products. A new plant of UCIL was incorporated in a densely populated area of Bhopal, Madhya Pradesh in the year 1970. On the night of 2nd December 1984, a highly toxic gas, methyl isocyanate, escaped the premises of Union Carbide Limited (UCIL) harming a massive population along with the flora and fauna, killing around 2600 people instantly and leaving thousands of them injured. Later reports disclosed the count of people who died reached 20,000 and around 60,000 people suffered irrecoverable physical damage.

The zone wherein the plant was situated was for light industrial and commercial utility, not for dangerous industry. The plant was initially approved only to formulate pesticides in relatively small quantities. The government was apprehensive in implementing strict liability despite the principle being in existence since the Stockholm Conference came into existence.

The Union of India immediately enacted the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 (the Bhopal Act) for speedy trial of this case and to prevent the accused from escaping liability. The Union of India tried to litigate the case before the foreign courts but the foreign courts dismissed their petition citing a jurisdictional conflict.

The District Court awarded a sum of 350 million as interim compensation to the victims of the accident which was reduced by the High Court to 250 million. The dissatisfaction amongst the families of the victim led the Supreme Court to increase the amount of compensation to 470 million.

The applicants were still dissatisfied and filed a petition for increasing the compensation amount along with continuing the criminal charges levelled against Union Carbide.

As an aftermath of this tragedy, the Environment Protection Act, 1986 and the Public Insurance Liability Act, 1991 were enacted to prevent such catastrophe. It even widened the scope of Article 21 of the Indian Constitution, which guarantees every person the Right to Life and Personal Liberty. This right includes the Fundamental Right to Live in a Pollution Free Environment for their full enjoyment of life. The constitutional provisions incorporated under Article 39(b), 47, 48, 48A, 49, 51A(g) impose a duty on the citizens and the state to protect the environment.

Its aftermath was a warning that the path to industrialization is fraught with human, environmental and economic perils. The number of deaths, sick persons, babies born with cancer or deformities and completely handicapped has continued to rise every year. Such incidents many times not only affect the employees working inside the organization but also impact their kith and kin who are dependent and the public at large.

L&T Corporate Environment, Health & Safety (EHS) Policy

L&T's Corporate EHS Policy defines the commitment to Health & Safety and Mission Zero Harm through a structured Corporate EHS framework supporting our EHS procedures and guidelines. For proper implementation of EHS Policy, the company has The EHS Council which monitors and measures the compliance with corporate procedures.

Major supply chain contractors and subcontractors are audited before awarding any contracts to ensure that safety standards are maintained throughout the contract duration. In addition to this, the EHS Council audits each IC on the implementation of procedures. L&T's safety management systems across the business are also supported by internally developed Safe Operating Procedures (SOPs), which are fully endorsed by the L&T EHS Council.

Artificial Intelligence (AI) is being used as a prominent solution for the identification and prevention of unsafe acts and conditions, while further enhancing our Building Information Modelling (BIM) in Safety. We plan to increase the use of 3D models in more construction sites for scaffold erection and dismantling and introduce more VR modules. In remote places, the use of drones has been applied to identify safety hazards, without the necessity of putting people at risk. Continued focus on digitalisation allows us to move further to the 'Connected EHS Manager' and the 'Connected Workman' as we continue to push boundaries and standards in safety to significantly improve our safety performance.

The EHS Council has developed a Behavioural-Based Safety (BBS) Programme that is implemented across all businesses. External BBS providers such as DuPont continue to assist in further developing an integral safety culture in all our businesses at all levels and their understanding of risk. Introduction of the Safety Task Analysis Risk Reduction Talk (STARRT) Card and Hazard Identification Tool (HIT) Card have encouraged all employees to report hazards observed and ensure that action is taken.

Supplier/vendor Code of Conduct (COC) covers EHS and Human Rights parameters to be adhered and supply chain partners must sign the COC as a part of the contract documents

In line with L&T's vision, philosophy, and EHS Policy, management systems have been implemented in accordance with the International Standards ISO 45001:2018 (Occupational Health and Safety Management System Standard). EHS Management System defines the mandatory requirements for the systematic management and execution within the organisation. The Company's Integrated EHS Management System is accredited by international certification bodies

The Company's EHS Council undertakes a review of all accidents and incidents, and formulate procedures based on risk analysis of data gathered through respective IC. It makes use of advanced technology such as vision analytics/AI to detect any health & safety hazards and gather data.

This data is used for predictive analysis, measurement of incidents and unsafe behaviours. This enables identification of the key areas of risk which in turn guides the projects to proactively manage and focus resources to prevent any accidents or incidents. Such analysis is shared throughout the group IC structure, to support L&T Mission ZERO HARM objective.

Further, workers have a Safety Ambassador at sites who helps them to raise safety issues directly and in turn, the Ambassador communicates good health and safety practices to workers

PREVENTION OF SEXUAL HARASSMENT

Prevention of Sexual Harassment (POSH) is a law as the name suggests and was brought into effect in 2013, to protect women from any harassment at work along with providing a safe, non-discriminatory environment within their workplaces.

If we trace down the journey of POSH Act coming into effect, it can be traced back to a supreme court verdict in the case of *Vishaka & Ors* vs. *State of Rajasthan & Ors.* in the year 1995. This case was filed by an NGO asking for landmark punishment for the rapists who were involved in a gang rape of a social worker, while she was at work.

While the Supreme Court of India pronounced its judgment stating that sexual harassment is a grave violation of the constitutional rights of women, a need for strict laws for the protection of women at the workplace came in the forefront.

Ever since the POSH Act came into existence, sexual harassment at the workplace is legally a crime. The Vishakha guidelines which got codified into law have resulted in top companies in India shifting their policies to comply with the Act (commonly known as POSH). The corporate sector has implemented the law in its workspaces resulting in a shift of women now being able to report cases of sexual harassment. However, industries that employ women from socio-economically poorer sections into their workforce require to pay more attention to the implementation of the Act.

In the last 9 years, it has influenced organizations to consider sexual harassment very seriously. The domino effect has led to several companies adopting best practices in handling sexual harassment effectively. Some organizations are going beyond what is mandated to identify ingenious ways for handling the issue of sexual harassment plaguing women at the workplace. At the same time, there are still several companies which continue to under-report the number of sexual harassment incidents. But overall, the POSH Act has propelled organizations to comply with its mandate and make the workplace safer for its female employees.

Workplace as defined under the Act, refers to the organisation and any place visited by the employee in the course of employment including transportation and work-from-home.

Workplace harassment is defined as any misconduct in a form of any action or communication which may be directed towards the victim to demean, mock, discriminate on grounds of religion or race, threats, intimidation or sexual or physical assault at a workplace. This may involve, colleagues, managers, support staff, clients, group of coworkers and so on.

"Sexual Harassment" includes anyone or more of the following unwelcome acts or behaviour (whether directly or by implication), namely :

- Physical contact or advances;
- A demand or request for sexual favours;
- Making sexually coloured remarks;
- Showing pornography;
- Any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.

It is noteworthy that POSH Act comes as a gender-specific Act & extends even beyond the walls of an office. However, it is the responsibility of every organization to make sure that POSH Act is looked upon by both genders in the empowering manner.

It is also the responsibility of managers, human resource managers, team leaders and so on to create awareness within employees about various facts involved in the domain of POSH. To counter any assumptions or confusions, provisions to conduct POSH training is brought into effect.

Main objectives of POSH training is to make employees familiar with various aspects, definitions & consequences of harassment within a workplace and to train internal committee members effectively to equip them with a better understanding of situations wherein POSH act is applicable & how to better deal with such issues. To provide apt information about POSH gender neutrality & how can it be used by men who face any kind of sexual harassment during work in the workplace.

Impact of inappropriate behaviour

The impact of sexual harassment at the workplace is far-reaching and is an injury to the equal right of women. Not only does it impact her, it has a direct bearing on the workplace productivity as well as the development of the society. Below is a list of select examples of such negative impacts.

Professional	***Personal***
● Decreased work performance ● Increased absenteeism, loss of pay ● Loss of promotional opportunities ● Retaliation from the respondent, or colleagues/ friends of the respondent ● Subjected to gossip and scrutiny at work ● Being objectified ● Becoming publicly sexualized ● Defamation ● Being ostracized ● Having to relocate ● Job and career consequences ● Weakened support network	● Depression ● Anxiety, panic attacks ● Traumatic stress ● Sleeplessness ● Shame, guilt, self-blame ● Difficulty in concentrating ● Headaches ● Fatigue, loss of motivation ● Personal Difficulties with time ● Eating disorders (weight loss or gain) ● Feeling betrayed and/or violated ● Feeling angry or violent towards the respondent ● Feeling powerless ● Loss of confidence and self esteem ● Overall loss of trust in people ● Problems with intimacy ● Withdrawal and isolation

Source : Handbook on Sexual Harassment of Women at Workplace

Everyone is affected by sexual harassment since it creates an atmosphere that makes it difficult for employees to perform. The following are some of the potential consequences of workplace sexual harassment:

- **Emotional And Physical Issues**

  Physical and mental wellbeing are inextricably intertwined. Loss of appetite, migraines, weight changes, and sleep difficulties are all physical health issues. Sleep deprivation may lead to a variety of major health issues, including hormone instability, an elevated risk of high blood pressure, and a weaker immune system. Sexual harassment victims frequently experience mental and behavioral consequences, such as anxiety, sadness, and nervousness. They frequently have low self-esteem and assertiveness.

According to research, sexual harassment hurts women's work satisfaction, emotional commitment, and wellbeing, raising psychological anguish, generating more physical sickness, and producing more unhealthy eating habits.

- **Decreased Company Productivity**

  Sexual harassment hurts a company. Everyone loses when a workplace is contaminated with prejudice and harassment. Employees suffer from absenteeism, low morale, gossip, antagonism, tension, and anxiety as a result of the hatred caused by harassment. Businesses and the entire market are both affected by sexual harassment.

  Absenteeism, reduced performance, high employee turnover, bad morale, and legal costs associated with sexual harassment cost businesses millions of dollars each year. Sexual harassment victims and survivors are far more likely to leave, resulting in significant employee turnover and increased hiring and training costs.

  As per Heather McLaughlin and colleagues' research, roughly 80% of women who have been sexually harassed leave their professions within two years. It will be more difficult to acquire top people in a toxic workplace.

- **Financial Challenges**

  Sexual harassment not only harms one's health, but it also harms one's finances. Sexual harassment can have a negative impact on a victim's work performance and career path. Some people retreat from the job and detach from coworkers due to fear and low confidence.

  Sometimes sexual harassment victims may experience longer-term employment consequences, such as the loss of work recommendations, termination, or losing creditability in their industry. Individuals may also elect to leave their present position or company to prevent a hostile work environment. As a result, financial issues such as missed pay and unpaid leave may arise.

- **Brand name and reputation**

  The failure of a firm to appropriately prevent and respond to sexual harassment can lead to costly lawsuits.

  A high-profile example of sexual harassment can harm a company's brand and lead to lost sales. According to research, when prospective customers observe or learn about "divisiveness" directed at an employee in the workplace, they may form negative judgments that make them less inclined to purchase from the company.

CASE STUDY

Vishaka vs. State of Rajasthan and Ors., JT 1997 (7) SC 384 (Bhanwari Devi Case)

This was a landmark case regarding the protection of women against sexual harassment at workplace. It was the incident of 1992 where a lower caste social worker for the women's development programme in Rajasthan named Bhanwari Devi who was trying to stop a child marriage in her village was allegedly gang-raped by five men of the upper-class community. She went to the police station to lodge a complaint against the offenders but no thorough investigation was launched.

This landmark case raised so many questions in the context of sexual harassment which take place at a workplace. The Issue raised whether the employer has any responsibility in cases of sexual harassment by its employee or to its employees at a workplace?

To get justice, she took her case to the Trial Court where Court acquitted the accused for the reason of lack of the medical shred of evidence and other reasons. Due to which so many women's groups and organizations went for appeal against the judgment. The result of which, a public interest litigation was filed in the Supreme Court of India on the issue of sexual harassment at the workplace. This judgment had its basis in so many international treaties which had not been adopted in the municipal law.

Supreme Court held that the sexual harassment of a woman at a workplace would be violative of her fundamental rights of gender equality and right to life and liberty under Articles 14, 15, 19 and 21 of the Indian Constitution. The court concluded that such act would be considered as a violation of women's human rights.

After this verdict, a statutory vacuum was observed which proposed the route of judicial legislation in the context of sexual harassment at workplace. The case laid down so many guidelines and requirements which need to be fulfilled by the employer as well as other responsible persons or institutions:

- For preventing the acts of sexual harassment in the workplace, it should be the duty of the employer or any other responsible person to prescribe for procedures and settlements.
- Formation of a complaint committee at all workplaces.
- Such committee has to be headed by a woman employee only and should have NGO or third-party participation.
- Half of the members of a committee should be comprised of women only.
- All complaints regarding sexual harassment of a woman employee would be dealt by this committee only, appropriate action in this regard shall be initiated by the employers in accordance with the concerned law.
- The committee would advise and recommend to the victim for the further course of action.
- Provides for the definition of sexual harassment.

These guidelines were the first of its type which created for the gender equality rights of women, which should be free from harassment in both public and private employment. This judgment led the Indian Government to enact the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 which came into force from 9 December 2013. This Act superseded the Vishaka Guidelines for prevention of sexual harassment introduced by the Supreme Court of India.

EMPLOYEE TURNOUT / ATTRITION RATE

How successfully a company hires, onboards, manages and rewards its people is fundamental to its success. These factors are too important to leave to chance, so the most successful companies use data to ensure excellence: They compare their attrition rates with national and industry-specific benchmarks. They hold managers responsible for keeping the lines of communication open with their reports. They actively manage their career development programs and look at total compensation metrics in context of the cost of replacing top performers.

"Employee turnover" refers to workers parting ways with the institution or company they work for. The "turnover rate," on the other hand, defines the total number of workers leaving within a certain period of time.

Turnover is a generalized term; turnover can occur in different ways, both undesirable or desirable, and shouldn't be confused with attrition. When calculating attrition, force reductions and terminations are not counted.

Voluntary turnover

When an employee leaves a company or institution based on his or her own decision and not the employers', it's considered "voluntary turnover." Voluntary turnover can take many forms including resigning, retiring, moving to a different company or organization, relocating and/or traveling with spouses.

This kind of turnover is usually a common cause of concern among executives because they're usually unpredictable, out of the employer's control, and can cause major disruptions in the workplace. Additionally, voluntary turnover can also be costly, whether directly (retiring) or indirectly (losing top talent).

Involuntary turnover

Involuntary turnover is when parting ways with the company happens for reasons that are out of the employees' hands. In human resources, it is usually divided into two subtypes:

Controllable

The most popular form of controllable involuntary turnover is when an organization terminates an employee's contract or asks them to resign (while resigning itself is voluntary, if it stemmed from the company's decision it's considered involuntary).

The cause is usually due to poor performance, which negatively affects the flow of the workplace or the business itself, or because of the employee's unprofessional behavior, such as violating one or more workplace policies.

Uncontrollable

Uncontrollable (unexpected) involuntary turnover may include aspects that neither parties are able to control, such as death, disability, and aspects like forced downsizing.

Depending on the situation, involuntary turnover can have some advantages and drawbacks. It can cause concerns among some employees about their job security, but it can also restore the workflow and productivity of those who were negatively affected by a terminated employee.

Effects of high employee turnover

Having a high turnover rate can have some detrimental effects on the business. Some of the most consequential impacts are discussed below:

1. **Disruptions of the workflow**

   One of the immediate results of having a high turnover rate is reducing the overall productivity of the workplace. When a company lays off a large number of employees every year, it puts a lot of pressure on the existing workforce. This can cause noticeable disruption of the workflow while the business tries to acclimate to the new changes.

2. **Low workplace morale**

   If current employees are getting more and more overworked due to the extra workload, the general morale of the workers will start to deteriorate. Besides adding more responsibilities to the current workforce, even if temporary, having a high employee turnover can also make the employees more insecure about their job stability. Low workplace morale causes anxiety, which also affects the general productivity of the workplace.

   The problem is that studies found that 1 out of 4 employees will quit their job due to mental stress. In other words, having a high employee turnover can itself lead to more resignations!

3. **Financial losses**

   Any company that has a high turnover rate is prone to lose more money than it would if it retains its workforce, which happens for a variety of reasons. For example, the company will spend more money in order to recruit new employees to replace those who left. Additionally, the new employees might cause a reduction in return customers and client satisfaction rates due to low experience.

4. **Creating a negative workplace reputation**

   Employees also do their research while finding a new job, and one of the main deterrents that some employees will try to avoid are companies with high employee turnover. Reports from a survey show that only 1 out of 5 employees feel secure at their job and consider job security a priority while seeking a new job.

   Meanwhile, studies show that job security also has a major impact on employee engagement, with researchers finding out that engagement is likely to drop by more than 37% among insecure employees and those who are worried about their job stability.

5. **Risking the loss of talented and experienced employees**

   While some jobs have relatively higher or lower employee turnover rates than average, laying off many employees puts the company at a huge risk of losing irreplaceable and highly talented ones. This doesn't have to be through involuntary turnover, but also voluntary. As previously mentioned, having a high turnover rate on its own is enough to push some employees to quit their job or seek other job offers.

Recent trends

The employment market in India has taken a turn since the pandemic hit, employees have understood the importance of work-life balance and flexibility. The percentage of Indian jobseekers putting work-life balance among their top goals has risen from 36% to 47% in the last two years, which has led to quiet-quitting, a term that has been popularly used in recent months.

The rising churn rate has led to tremendous impact on various industries in India. The IT sector is dealing with an all-time high attrition rate averaging at 25%, Ecommerce at 28.7% and Hi-Tech at 21.5%. Furthermore, professional services (25.7%) and financial services (24.8%) have also experienced high attrition rates. However, strangely the attrition rates in the engineering industry has been much lower, at 14%, 12.9% in chemicals, 12.4% in automobiles, and 8.6% in metals and mining. Evidently, this shows that high attrition rates are much more widespread in new age economy sectors than in traditional old economy sectors.

GENDER PARITY AT WORK

Parity means that each gender is represented equally. It is an instrument at the service of equality, which consists in ensuring the access of women and men to the same opportunities, rights, opportunities to choose, material conditions while respecting their specificities. The notion of parity constitutes the foundation of policies to combat the disparities between women and men.

Is gender parity the same thing as gender equality?

No. Although the terms are often used interchangeably, gender equality refers to how people of different genders are treated. Gender parity, on the other hand, is a measure of representation. You reach parity when each gender is represented equally.

While that seems simple, it can get complicated fast, says Dr. Janvi Patel, equal rights advocate and advisory board member for Equality Now.

"Gender parity is a pretty basic indicator," she says. *"It's essentially the ratio of men to women, and the closer that number is to one, the better the parity. It would be great to see gender parity (1:1 ratio) in the boardroom, but to shift gender parity, there has to be deeper thinking about gender equality, which takes into account the differences between the sexes, not just the binary genders but also the non-binary; corporations need to understand the needs of each gender."*

The aim of gender equality in the workplace is to achieve broadly equal opportunities and outcomes for women and men, not necessarily outcomes that are exactly the same for all.

Workplace gender equality will be achieved when people are able to access and enjoy equal rewards, resources and opportunities regardless of gender.

It will require:

- Workplaces to provide equal pay for work of equal or comparable value;
- Removal of barriers to the full and equal participation of women in the workforce;
- Access to all occupations and industries, including leadership roles, regardless of gender; and
- Elimination of discrimination on the basis of gender, particularly in relation to family and caring responsibilities.

Why does workplace gender equality matter?

Achieving gender equality is important for workplaces not only because it is 'fair' and 'the right thing to do,' but because it is also linked to a country's overall economic performance. Workplace gender equality is associated with:

- Improved national productivity and economic growth
- Increased organisational performance
- Enhanced ability of companies to attract talent and retain employees
- Enhanced organisational reputation.

Women on the board

Considerable attention has been directed towards the number of women at board level, and to a lesser extent, in executive positions. This has led to positive developments, as we see that the percentage of women on boards has increased across all regions over recent years.

The number of women on the board is an easily measurable gender performance indicator, which explains why this is a focal area. Furthermore, it is expected that having more women on the board will have trickle-down effects on the rest of the workforce. For example, it could break down stereotypes on women in leadership and encourage women to pursue their careers further, to seek for roles which they would have not otherwise considered and to ask for more raises and promotions. Having more diversity on the board can break down gender barriers by broadening women's "professional imagination", providing them with role models and increasing their capacity to project themselves into leadership roles. Higher numbers of women on boards can therefore instigate cultural change and has a strong symbolic meaning, showing that women can be leaders.

Having more women on the board is also financially material. The McKinsey & Company Diversity Wins Report 2020 found that *"companies whose boards are in the top quartile of gender diversity are 28 percent more likely than their peers to outperform financially"* and the correlations are statistically significant. This might be linked to the fact that more companies have appointed women directors and there is an overall rise in the universe of companies included in the study, making it more likely to find statistically significant correlations.

However, more research has been conducted showing that gender diversity in the boardroom matters because it brings a broader collection of experience, viewpoints and backgrounds which result in better decision-making. Having more women on the board also tends to curb excessive risk taking, decrease aggressive tax strategies and improve company reputation, earnings quality and sustainability performance. These outcomes are not negligible for companies and their shareholders, especially in times of a global pandemic which will require companies to differentiate themselves from their industry peers.

The benefits of diversity apply not only at board level but throughout companies more broadly.

Way Forward

While increasing the proportion of women on the board is important, further steps are needed to improve gender equality in the workforce. Companies need to hire and promote more women into senior management positions. This presents opportunities for companies to access new talent pools and increase innovation and efficiency, as we know that diverse teams perform better. Having more women in senior management will in turn ensure that they have the adequate skill sets and required experience to be appointed as board members, enabling companies to reach their quotas and align with the increasing number of regulations around the percentage of women on corporate boards. Investing in women talent early on therefore diminishes regulatory risks down the line. Having more women in leadership will also diminish the biases and negative stereotypes around women's ability to lead, hopefully addressing issues around unequal pay and gender pay gaps. Considering the growing regulatory frameworks and transparency expectations around remuneration practices, companies tackling these issues now will profit from lower compliance costs in the future. Furthermore, fair representation and compensation practices lead to better employee engagement, talent attraction and retention, and efficiency. The operational opportunities of gender equality in the workforce will therefore enable companies to differentiate themselves from their peers in a competitive environment.

Shareholders have their role to play in this shift, as they can push companies to adopt better practices and improve their performance in terms of gender equality. They can act faster than governments by imposing their own quotas. This does not only ensure that their investment practices align with the regulatory requirements, but also increases their opportunities for better returns, as gender-equal companies face lower regulatory and operational risks.

Diversity also needs to expand its scope to move away from addressing women as one group and to instead recognise the heterogeneity of women's experiences in the workplace. More efforts need to be made to collect data on indicators such as race, ethnicity, caste, religion, disability, sexual orientation and other identity markers, in order to address the further inequalities that some women experience according to their intersecting identities. Eventually, the discourse should also shift to recognise women for their abilities, experience and skills rather than branding them as diversity trophies. Companies and investors can help the world to wake up to the possibility that women deserve a say in the decision making process as legitimate leaders and fully-entitled human beings.

Women and girls represent half of the world's employment potential. Nonetheless, gender inequality persists globally and hinders social progress. Effectively developing this talent is a key part of ensuring organizational competitiveness in the future. Capturing the gains in diversity of thought and innovation from women's increased participation in the global workforce will be critical to solving the climate crisis. In addition, a growing body of evidence demonstrates a correlation between diversity at the executive level and a company's performance.

A study by McKinsey & Company analyzed more than 1,000 companies in 12 countries and concluded that gender-diverse companies are more likely to outperform their national industry average in terms of profitability.

Despite the evidence demonstrating women's value in the workforce, women continue to encounter structural barriers to participate in the world economy, particularly in industries traditionally dominated by men. Globally, the labor force participation rate for women is 25 percent lower than the rate for men.

The conversation around DEI has steadily become more frequent and louder across corporates in recent years. Companies have made it a priority to address DEI-related issues to foster a more inclusive work environment. In response, diversity, or lack thereof, at the top of organizations has captured the attention of key investors and stakeholders. Notably, bolstering gender diversity has remained a critical priority for public company boards for quite some time.

CASE STUDY

Case study of HCL: An exemplar of Gender Diversity

An unwavering commitment to purposefully make progress on DEI is at the heart of HCL's values. The company strongly believes that the diversified workforce, which includes 165 nationalities coming from many countries in which HCL does business, is both an asset and a real differentiator.

HCL provides its staff with a fair opportunity to attain their full potential in an inclusive environment in which they are valued, and treated equally and with respect. These essential components result in increased creativity, productivity, innovation, and better business results.

HCL has long been successful in employing people from different geographies and nationalities, creating a unique fabric of values and traditions. At the end of FY22, HCL employed people from 165 nationalities and women represented 28% of the global workforce. Gender diversity at a senior leadership level has seen a 2.5% increase over the last four years. The overall gender ratio has increased 3.1% over four years.

The company makes an intentional and continuous effort to create and sustain a culture of equality, self-awareness, authenticity, and accountability in the realm of gender, cross-cultural diversity, persons with disabilities, and LGBTQ+ inclusion. HCL has created a beautiful mosaic of different people, beliefs, experiences, and innovation where everyone has an equal shot. Its vision for DEI is that all thrive and contribute their strengths to find common ground for creativity and accomplishing remarkable things.

MONETARY AND NON-MONETARY BENEFITS

An incentive or benefit is a reward given to a person to stimulate his or her actions in the desired direction. Incentives have motivational powers and are widely utilized by individuals and large organizations to motivate employees. They can either be monetary or non-monetary incentives.

Monetary Benefits are financial incentives often used by employers to encourage workers to meet their goals. Money, being a symbol of power, status, and respect, plays a major role in meeting a person's social – security and physiological needs. Yet money seizes to be a motivator when the psychological and safety needs are met.

Types of monetary incentives

Piece Rates – This is mostly used in production industries where employees are given a certain amount of money on each produced piece. Piece rates motivate employees to work harder and quickly to produce more pieces as each has extra cash attached to it. However, when issuing piece rates, production supervisors must ensure quality is not compromised.

Pay Raise – These are mostly offered to employees who have worked in a company for a considerably longer period. Some companies also give pay rises to employees who have reached a certain level of production or those who have completed the required training programs. Some offer annual salary increments to loyal workers.

Bonuses – Another good form of monetary incentive is the issuance of bonuses. These might be bonuses to individuals who have met their sales quotas or even bonuses to teams that have completed their projects in time or have surpassed their production targets. Some companies give yearly bonuses to long-serving employees as a way of rewarding loyalty

Sharing Profits – This is another excellent way of rewarding employees. A small profit portion is shared with employees based on their position, duration with the company, and input in attaining the overall set goals. Profit-sharing is preferred by most companies since it gives employees a sense of belonging and ownership.

Contests – These re mostly offered to sales and production personnel. An additional price or bonus is given to the employee or a team with the highest production level. Again, Employers can offer cash rewards to employees with the best suggestions just to encourage more input in terms of positive ideas that improve sales, production, or performance.

For a long time, the monetary reward has been used by leaders and managers to inspire top workers but the fact is that the effect still does not last as long as it should. As a result, many companies turn to non-monetary incentives. When creating a reward program to motivate employees, decision-makers and business owners need to understand that the reward or incentive neither guarantees quality output nor loyalty but is merely a bonus that encourages employees to achieve their goals without compromising quality.

Non-monetary incentives are any items or experiential rewards given in an incentive program as a result of an employee's performance, which can easily be assigned a monetary value. In general terms, measurable benefits are items or events where compensation is monetary rewards. Non-monetary benefits are more memorable, they tend to be valued more than they cost, they are easier to separate from pay, they are especially attractive to gen-z and millennial employees, are easier to talk about and they have emotional value.

Types of non-monetary incentives

Flexible working arrangements: Allowing employees to work from home on certain days of the week or allowing workers to choose their hours is a great way to implement an incentive program without any cost. This makes employees feel like their time is valued, and that it is understood that they can be trusted to arrange their own working life. Flexi work affords employees additional time to be with their families, thereby providing a work-life balance. For most employees, this is a great non-monetary benefit.

Physical rewards: Whether it's something as simple as a thermos with a funny, personal saying or something as extravagant as a set of golf clubs, there is significant emotional value that tends to come with physical rewards. Another benefit is that they are easier to tie to the company. Whether you invest in branding them or not, they have an emotional link to your company, meaning that their value and the employee's value of the workplace are connected.

Experiential rewards: Giving employees a unique experience is one of the most effective ways to create positive memories associated with your organization. This is best done when you find out what your employees' passions are, which also will show them that you are interested in who they are as a person.

Growth opportunities: Some of the studies show that career development, training, and education opportunities are amongst some of the most highly prized benefits a company can offer. The tangible benefits of helping an employee forward in their career, such as the potential to earn a promotion, are clear. However, investing in employee growth and development also shows that their place in the company in the long term is valued, as well.

Recognition and praise: This is best combined with one of the incentives listed above. Recognition for staff who have been working hard can mean a lot to them. This can be handwritten notes, weekly emails showcasing top performers in the business, or mentioning their success in a team meeting. It reinforces the emotional impact of the non-monetary reward they received.

Extra time off - Why not give employees an extra day of annual vacation or a longer lunch break as a reward? Allowing staff to leave an hour early or giving them half a day off could be a reward. An earlier Friday end, a later Monday start, or simply more time off to use whenever the employee chooses would undoubtedly be well accepted.

Fringe benefits -These are benefits that are added on top of an employee's regular pay. While the name suggests that fringe benefits are exceptional or unique, most of us would refer to them as standard employee benefits. Health insurance, workers' compensation, retirement programs, and family and medical leave are all examples of fringe benefits. Paid vacation, meal subsidies, commuter perks, and other benefits are examples of less typical fringe benefits. To attract new hiring and keep current employees satisfied, many organizations offer a mix of typical and uncommon benefits.

Impact of monetary and non-monetary benefits on employees

Employees play a crucial role in achieving an organization's goals and objectives; thus, motivating them is vital. One of the strategies that many companies have used to increase their workforces' morale is applying rewards. The most common rewards are monetary and non-monetary rewards. Although the two forms of incentives are utilized in many organizations, there has been significant growth in non-monetary rewards in the recent past.

Monetary incentive enhance the direct satisfaction of employees and non-monetary incentive are helpful for the recognition of employees and that recognition is a motivational tool for the employees and leads to increase in performance. Monetary incentives can boost motivation, but non-monetary incentives are more effective motivators because these incentives have an intrinsic motivational impact on the workers. So, workers who are intrinsically motivated naturally enjoy their work or job. Monetary incentives are developed to satisfy basic human needs, encouraging and pushing people to do their best work performance, the recruitment of their capabilities and enhance their competencies level. Monetary incentives are also designed as a means of payment to increase productivity and improve employee work performance. Therefore, the more employees produce the more they can get. Although monetary incentives are the key to improving employees' motivation, job satisfaction and better performance, there are a number of non-monetary incentives that may represent more effective means of improving quality of work performance as well as motivational level. In addition, non-monetary incentives can also promote staff loyalty, enhance more interaction and cooperation among subordinates and superiors, enable more opportunity for staff participation or involvement and so on.

PART C. SUPPLIER PRACTICES

SUPPLIER CODE OF CONDUCT

The supplier code of conduct refers to a set of standards and guidelines that spell out both ethical and business practices that suppliers need to follow if they wish to conduct business with a company.

The supplier code of conduct helps companies establish a framework for ethical and sustainable practices in its value chain. It provides a set of expectations for suppliers, which could act as guidelines to ensure that they follow a responsible and sustainable process.

However, ensuring that suppliers are following the code requires that procurement and supply chain teams of an enterprise conduct regular audits of suppliers. Many global companies have set mandates that suppliers possess proper certification or verification of compliance. Non-compliance with the code may result in termination of the supplier relationship.

Supplier code of conduct also means that an enterprise has set additional checkpoints for third-party risk management or TPRM. For an enterprise, it is an important tool for its supply chain and procurement teams to ensure that its suppliers make serious efforts to meet the prescribed standards that it has set for areas such as labor practices, human rights, environmental impact and business conduct.

The supplier code of conduct also helps enterprises ensure that their suppliers are operating in a sustainable manner, which apart from ensuring compliance, also helps enterprises to mitigate supply chain risks, improve reputation and add value to their mission and vision.

CASE STUDY- GOOGLE

Supplier Code of Conduct

Google is committed to treating all workers with respect and dignity, ensuring safe working conditions, and conducting environmentally responsible, ethical operations. We expect suppliers in our operations and supply chain, and their suppliers, to embrace the following social, environmental, and ethical responsibilities.

Supplier Conformance with Google's Supplier Code of Conduct

Underlying Obligations. In addition to these responsibilities, suppliers must comply with all applicable laws; legal regulations, directives, and guidelines; and all obligations in any contract a supplier may have with us.

On-Site Work. Suppliers using our properties or facilities will comply with all of our applicable policies and requirements.

Certifications. If Google requests additional certifications, such as ISO 50001, 14001 or OHSAS 18001, suppliers will make good faith efforts to obtain such certifications in a timely manner.

Information Disclosure. Suppliers will accurately disclose information regarding their labor, health and safety, environmental practices, business activities, structure, financial situation, and performance, in accordance with prevailing industry practices.

Cooperation. Suppliers will cooperate with any information requests or audits we may initiate to confirm their fulfillment of these responsibilities. Though we seek to work with suppliers to improve conditions, we may terminate our relationship with any supplier that fails to meet these responsibilities.

Labor and Human Rights

Google is committed to upholding the human rights of workers and treating them with dignity and respect. This applies to all workers, including temporary, migrant, student, contract, direct employee, and any other type of worker. As a result, suppliers must manage their own workforce in order to achieve the following results:

Freely Chosen Employment and Combating Modern Slavery. Suppliers will not use or permit any form of forced, bonded, or indentured labor. All work must be voluntary, and all workers must be free to terminate their employment at any time. Suppliers will not hold workers' identity, immigration, or work permit documents longer than reasonably necessary for administrative processing. Suppliers are expected not to require workers to pay recruitment fees or other fees for their employment, either directly or through third parties, and are expected to repay any worker that has paid such fees. Suppliers will not unreasonably restrict workers' freedom to move into, out of, or at working facilities. As part of the hiring process, suppliers are expected to give each worker a written agreement describing the worker's terms of employment in a language understood by the worker, and, if internationally relocating, the written agreement will be provided before they leave their country of origin.

Young Workers and Student Interns. Suppliers will not use child labor. "Child" means any person under age 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Workers under the age of 18 will not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Suppliers may use legitimate, properly-managed apprenticeship programs, such as student internships. Unless otherwise addressed by local law, suppliers are expected to pay student workers, interns, and apprentices at least the same wage rates as other entry-level workers performing equal or similar tasks.

Wages. Suppliers will pay legally-mandated wages and benefits, will comply with the law regarding wage deductions, and will provide workers with the basis on which workers are paid via pay stub or similar documentation. Suppliers are expected not to deduct from wages as a disciplinary measure.

Working Hours. Except in emergency or unusual situations, for suppliers' workers paid hourly, workweeks are expected not to exceed 60 hours per week (including overtime) or, if less, the maximum set by local law. Workers should be allowed at least one day off every seven days.

Fair Treatment, Non-Discrimination, Diversity and Inclusion. Suppliers will not permit harassment, abuse, corporal punishment, or inhumane treatment. Suppliers will not subject workers or potential workers to unlawful medical tests or physical exams. Suppliers will not discriminate in screening, hiring, or employment practices based on race, color, age, sex, gender, gender identity, gender expression, sexual orientation, marital status, ethnicity, national origin, caste, disability, genetic information, medical condition, pregnancy, religion, political affiliation, union membership, covered veteran status, or body art. Workers' religious practices will be reasonably accommodated. Suppliers will not inquire about potential workers' criminal histories on employment applications or before initial interviews, or, if no interview is conducted, before making conditional offers of employment. In addition, suppliers will demonstrate a commitment to identify, measure, and improve a culture of diversity and inclusion through all aspects of workplace management.

Freedom of Association and Collective Bargaining. Workers will be permitted to associate freely, bargain collectively, and seek representation in accordance with local laws. Suppliers are expected to permit workers to openly communicate and share grievances with management about working conditions without fear of reprisal or harassment.

Health and Safety

Suppliers will integrate the following health and safety management requirements into business processes to provide workers with a healthy and safe work environment:

Occupational Safety and Health. Suppliers will comply with all applicable safety and health laws and regulations, and identify, evaluate, and control worker exposure to safety and health hazards, including chemical, biological, physical, and ergonomic stressors, through proper design, engineering controls, maintenance, safe work procedures, and ongoing health and safety guidance. Where these means cannot adequately control hazards, suppliers will protect workers with appropriate personal protective equipment and provide them with information about risks to them from these hazards. Suppliers will implement procedures to prevent, manage, track, and report occupational injury and illness, including encouraging worker reporting, classifying and recording cases, providing medical treatment, investigating cases, implementing corrective actions, and facilitating workers' return to work.

Emergency Preparedness. Suppliers will identify and plan for potential emergencies, and will implement emergency plans and provide guidance to workers on emergency response procedures, including emergency reporting, worker notification and evacuation, drills, fire detection and suppression equipment, exit facilities, and recovery plans.

Sanitation, Food, and Housing. Suppliers will provide workers with ready access to clean toilet facilities, potable water, and sanitary food preparation, storage, and eating facilities. If suppliers provide workers with residential facilities, those facilities will be clean and safe, with adequate personal space, entry and exit privileges, emergency egresses, heat and ventilation, and hot water for bathing and showering.

Environmental

Google recognizes that environmental responsibility is integral to producing world-class products. In manufacturing operations and construction, suppliers will strive to create regenerative processes and will minimize adverse effects on the community, environment, and natural resources while safeguarding the health and safety of the public. In addition:

Environmental Permits and Reporting. Suppliers will obtain and keep current all required environmental permits, approvals, and registrations, and follow their operational and reporting requirements.

Resource Efficiency and Clean Energy. Throughout their operations, suppliers will work to reduce consumption of resources, including raw materials, energy, and water. Suppliers will track, document, and seek to minimize energy consumption and greenhouse gas emissions, and seek ways to improve energy efficiency and use cleaner sources of energy.

Hazardous and Restricted Substances. Suppliers will identify and manage chemicals and other materials that pose a hazard to the environment, to ensure their safe handling, use, storage, and disposal. Suppliers will identify, monitor, control, treat, and reduce hazardous air emissions, wastewater, and waste generated from its operations. Suppliers will adhere to our requirements restricting use of specific substances, including labeling for recycling or disposal.

Waste Mitigation: Wastewater, Solid Waste and Stormwater Management. Suppliers will work to reduce or eliminate waste of all types. Where waste cannot be eliminated, suppliers will manage and control all waste streams to comply with applicable laws and regulations, and in an environmentally responsible and secure way; this includes, but is not limited to, preventing illegal discharges and spills from entering storm drains, and treating as required prior to discharge or disposal of all wastewater and solid waste from operations, industrial processes, and sanitation facilities.

Ethics and Compliance

Suppliers will uphold the highest standards of ethics to promote honesty and integrity in business operations, including:

Business Integrity. Suppliers will avoid even the appearance of conflicts of interest in their work with us, and will immediately disclose any known family or other close personal relationships with our employees who have an influence over their engagements with us. If suppliers extend any business courtesies to our employees, they will do so infrequently and the courtesies must be of no more than moderate value. Suppliers will also accurately reflect their business dealings in their books and records. Suppliers will not offer or accept any form of bribery, corruption, extortion, or embezzlement. Suppliers will not make illegal payments directly or indirectly. Suppliers will implement monitoring and enforcement procedures to ensure compliance with anti-corruption laws.

Intellectual Property. Suppliers will respect intellectual property rights, and will conduct technology and know-how transfers in a manner protecting intellectual property rights.

Responsible Materials Sourcing. Suppliers will maintain a policy reasonably assuring that any tantalum, tin, tungsten, and gold in products they manufacture does not directly or indirectly benefit armed groups that commit human rights abuses in or near the Democratic Republic of the Congo. Suppliers will exercise, and will make available to us upon request, due diligence on the source and chain of custody of these minerals.

Privacy and Information Security. Suppliers will protect the privacy of personal information of everyone with whom they do business, including suppliers, customers, consumers, and workers.

Accessibility. Suppliers will embed relevant web accessibility standards, innovation, and best practices to deliver inclusive products and services for our users and stakeholders.

Management System

Suppliers are expected to adopt or establish a management system to carry out these responsibilities. The management system will be designed to ensure suppliers' operations: (a) comply with our requirements and applicable laws and regulations; (b) conform to these responsibilities; and (c) identify and mitigate operational risks related to these responsibilities. It should also facilitate continual improvement:

The management system should contain the following elements: executive level commitment and accountability; processes to identify, monitor, and comply with all applicable laws, regulations, standards, and requirements; risk management processes; communications and training for all workers and suppliers as determined by suppliers; ongoing assessments, monitoring, and continued improvement, including corrective action processes; a program that provides workers with a means to report grievances anonymously and without fear of retaliation, unless prohibited by law; and a program to ensure suppliers will continuously monitor these reporting processes, record issues raised, and take appropriate action.

CASE STUDY

INFOSYS'S SUPPLY CHAIN GOVERNANCE

Suppliers as a signatory to the United Nations Global Compact, Infosys leverages the UNGC principles covering human rights, labor, environment, and anti-corruption as foundational principles for building and improving its sustainable supply chain practices. The Company is committed to providing opportunities to diverse businesses and integrating the UNGC principles into its supply chain and towards building a positive long-term environmental and social impact.

The Responsible Supply Chain Policy of Infosys categorizes the suppliers into three segments – people, services and products. All the suppliers are required to sign the Supplier Code of Conduct. The agreement with vendors includes a mandate to comply with local laws and regulations.

The company expects its suppliers to support and respect internationally proclaimed human rights guidelines. A strong governance process and independent checks support regular quarterly audit of contract staff, in accordance with various labor laws are practiced. Grievances are addressed through appropriate mechanisms available to contract staff to safeguard their interests.

The company's contracts have appropriate clauses and checks to prevent the employment of child labor or forced labor in any form. They also provide forums, where suppliers can voice their concerns and issues. In fiscal 2022, the company launched a responsible supply chain assessment through an external, independent consulting partner.

This assessment aims to cover top 100 suppliers to baseline their ESG performance. The assessments are under way and cover governance, ethics and compliance with law, fair business practices, labor practices and human rights, health and safety, and environment. The assessment will give the supplier an ESG scorecard with scores on each of the assessment parameters, while highlighting strengths and areas for improvement. Post assessment, the company will also engage with the suppliers to identify specific initiatives that will help to improve their scores. Based on the overall learning from the program, the company will create a supplier education and engagement initiative to help its smaller suppliers to build competencies.

LOCAL PROCUREMENT

Local procurement refers to the purchase of goods and services from local businesses. Typically, this occurs in emerging markets and in developed markets where local communities have expectations about participating in new opportunities (such as Australia and Canada). Also known as business linkages, local supplier development, local content or local sourcing, local procurement is increasingly favored as a strategic business tool by international companies in the extractive industries.

Local procurement requires a real commitment from the company to work with and build capacity of local suppliers in a way that enables them to become more competitive and profitable.

Typically these suppliers will be small and medium enterprises (SMEs). To compete for bidding and contracting opportunities local SMEs will often need training to bring them up to the required operational, safety, environmental and technical standards. A local procurement program (LPP) seeks to bridge the gap between the standards of the contracting company and the existing capacity of SMEs. It does this externally, through the provision of training, mentoring, and other support for SMEs, and internally, through a concerted effort to identify opportunities, communicate the business case and incentivize staff to commit to local procurement.

Benefits of local procurement

Local procurement can provide a range of benefits for companies, suppliers and supply chain alike:

- **It benefits the local suppliers** – By keeping business local, the company will enjoy greater support from the community and deliver social value.
- **It helps meet CSR targets** – Publicly procured projects have defined levels of local spend, so working with local suppliers will help the companies reach those targets.
- **It can shorten timeframes** – With material challenges throughout the supply chain, working with suppliers that are local to the project may help reduce the time needed to source what is required.
- **It can help reduce costs** – As fuel prices remain high, having local suppliers can lower the cost of transporting materials and reduce the logistical requirements.
- **It provides environmental benefits** – By reducing shipping and storage, the overall environmental impact of the project is lessened.

Projects that embrace local procurement can add significant value for both the consumer and supply chain alike. By investing in local procurement, projects can directly support local economies through quantifiable apprentices, new jobs, safeguarded jobs and work placements.

If the further benefits of reduced costs and lowered carbon emissions, as well as shorter and less logistically challenging pathways for material delivery and storage are factored, it is clear that taking a more localised approach to procurement can have benefits for all concerned.

EXAMPLE

The Make in India initiative was launched by Prime Minister in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, Make in India was a timely response to a critical situation.

Make in India was launched by Prime Minister against the backdrop of a crisis however it quickly became a rallying cry for India's innumerable stakeholders and partners. It was a powerful, galvanising call to action to India's citizens and business leaders, and an invitation to potential partners and investors around the world. But Make in India is much more than an inspiring slogan. It represents a comprehensive and unprecedented overhaul of outdated processes and policies. Most importantly, it represents a complete change of the government's mindset – a shift from issuing authority to business partner, in keeping with Prime Minister's tenet of **'Minimum Government, Maximum Governance'.**

In a short space of time, the obsolete and obstructive frameworks of the past have been dismantled and replaced with a transparent and user-friendly system. This is helping drive investment, fostering innovation, developing skills, protecting Intellectual Property (IP) and building best-in-class manufacturing infrastructure. The most striking indicator of progress is the unprecedented opening of key sectors – including railways, defence, insurance and medical devices – to substantially higher levels of Foreign Direct Investment.

Today, India's credibility is stronger than ever. There is visible momentum, energy and optimism. Make in India is opening investment doors. Multiple enterprises are adopting its mantra. The world's largest democracy is well on its way to becoming the world's most powerful economy.

Source: www.makeinindia.com

Make in India and Purchase Preference

The Government has issued Public Procurement (Preference to Make in India), Order 2017 as part of the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment. Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, **purchase preference shall be given to local suppliers in all procurements undertaken by procuring entities in the manner specified. As per the order the minimum local content shall ordinarily be 50%.** The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content. The margin of purchase preference shall be 20%. Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order. Nodal Ministries/Departments have also been appointed for implementation of this Order.

LESSON ROUND-UP

- Human rights are basic rights and freedoms that protect us all. Businesses have minimum responsibilities to meet to respect human rights. Companies that focus on respecting human rights - and cultivate positive relationships with their stakeholders - can help ensure their business' continued growth and social license to operate.
- A stakeholder is a party that has an interest in a company and can either affect or be affected by the business. The primary stakeholders in a typical corporation are its investors, employees, customers, and suppliers. However, with the increasing attention on corporate social responsibility, the concept has been extended to include communities, governments, and trade associations.
- Employees are an integral part of an organization's stakeholder list and protecting their rights is an essential element of corporate governance. Health and Safety, prevention of sexual harassment at workplace, employee attrition, gender parity, monetary and non-monetary benefits are some of the areas which impact employees as stakeholders in the corporate governance regime and hence needs to be addressed by all organisations.
- Whistleblowing could be understood as the process that reveals any kind of unethical activity happening within an organization, company by an employee, or any person privy to such activities. Corporate whistleblowing plays a pivotal role in corporate governance that is adopted by an organization or a company.
- Suppliers are another important spoke in the wheel of corporate governance as they provide materials, services, or equipment required by the project and have a bearing on the policies and functioning of an organization.

GLOSSARY

Human Rights: Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

Whistle blowing means calling attention to wrongdoing that is occurring within an organization.

Whistle Blower: is an employee or group of employees who make a Protected Disclosure under a Whistle Blower Policy and may also be referred to as complainant in a case of whistle blowing.

Gender Equality: Gender equality in the workplace refers to equal opportunities and rights for working women, transwomen, men, and other people belonging to different gender identities.

Gender Parity: Gender parity is a statistical measure used to describe ratios between men and women, or boys and girls, in a given population. Gender parity may refer to the proportionate representation of men and women in a given group, also referred to as sex ratio, or it may mean the ratio between any quantifiable indicator among men against the same indicator among women.

Employee Turnout: Employee turnover, or employee turnover rate, is the measurement of the number of employees who leave an organization during a specified time period, typically one year.

Monetary Benefits: Monetary Benefits are financial incentives often used by employers to encourage workers to meet their goals.

Non-Monetary Incentives are any items or experiential rewards given in an incentive program as a result of an employee's performance, which can easily be assigned a monetary value.

Local procurement: Local procurement refers to the purchase of goods and services from domestic suppliers.

TEST YOURSELF

(These are meant for recapitulation only. Answer to these questions are not to be submitted for evaluation.)

1. How are human rights and business linked to each other?
2. Write a short note on various stakeholders for a business.
3. Explain the legislative framework related to whistle blowing mechanism in India?
4. How does health and safety concerns affect an organization and employees?
5. Draft a supplier code of conduct for your organization.
6. What do you understand by local procurement? How does it help suppliers and businesses?
7. Give salient features of POSH Act of India.
8. In motivating employees, non-monetary benefits are better in comparison to monetary benefits. Do you agree with this statement? Give reasons in support of your answer.
9. Examine the challenges associated with the existing whistle-blowing mechanism in India. Also analyze the need to provide adequate safeguards for the protection of whistle-blowers?

LIST OF FURTHER READINGS

- Redeveloping Whistleblowing Policy in India: A fight for Better Corporate Governance, International Journal of Law Management and Humanities, Volume 4 Issue 1
- Sharma, Ajay, Law relating to whistleblowing in India a critical study, Department of Law, Panjab University, 2019
- Business and Human Rights: Ethical, Legal, and Managerial Perspectives by Florian Wettstein (Author)
- The Elephant in the Boardroom: How Leaders Use and Manage Conflict to Reach Greater Levels of Success, Edgar Papke Dec 2015 · Ascent Audio · Narrated by Don Hagen

OTHER REFERENCES

- https://www.usaid.gov/engendering-industries/gender-equality-best-practices-framework
- https://www.equilar.com/reports/100-q1-2023-equilar-gender-diversity-index.html
- www.makeinindia.com
- https://about.google/supplier-code-of-conduct/