

Essen Speciality Films Limited

Formerly known as **Essen Speciality Films Private Limited**

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WHISTLE BLOWER POLICY

A. Introduction

Essen Speciality Films Limited (hereafter referred to as “ESFL” or “Company” in this document) believes in promoting a fair, transparent, ethical and professional work environment. While the Company code of conduct defines the expectations from employees in terms of their integrity and professional conduct, the Vigil mechanism defines the mechanism for reporting deviations from the standards defined in the code.

The Whistle Blower Policy (Vigil mechanism) is implemented not only as a safeguard to unethical practices. This Vigil mechanism is intended to provide mechanism for reporting genuine concerns or grievance and ensure that deviations from the Company’s Business Conduct Manual and Values as communicated to all the employees through Email are dealt with in a fair and unbiased manner as provided in Section 177 (9) and (10) of the Companies Act, 2013 and the applicable Companies Rules, 2014. The mechanism is also intended to cover the Whistle blower Mechanism aspect of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”).

B. Policy

Section 177(9) of Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Power) Rules, 2014, *inter-alia*, provides the requirement for every listed companies and certain class or classes of companies to establish a vigil mechanism as prescribed therein (subject to amendments from time to time) for the directors and employees to report genuine concerns or grievances. Further, section 177(10) *inter-alia* provides for adequate safeguards measures against victimisation of persons who use such vigil mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Further, SEBI LODR Regulations outline requirements which are optional in nature for a SME Listed Company, *inter-alia*, contains similar requirements for establishment of a Vigil Mechanism under term “Whistle Blower” as listed below:

“Reg. 4(2)(d)(iv) requires our Company to devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their respective bodies, to freely communicate their concerns about illegal or unethical practices.

Reg. 46(2)(e) requires our Company to disseminate details of establishment of vigil mechanism/Whistle Blower policy.”

C. Definitions

Definitions of some of the key terms used in this mechanism are given below:

- a. Protected disclosure: Any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the Company.
- b. Whistle-blower: An individual who makes a protected disclosure under this mechanism. This could be an Employee, Director, Vendor, Supplier, Dealer and Consultant, including Auditors and Advocates of Company.
- c. Audit Committee: An audit committee is an operating committee formed by the Board of Directors in accordance with Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Power) Rules, 2014 and charged with oversight of financial reporting and disclosure.
- d. Board of Directors: A body of elected or appointed members who jointly oversee the activities of the Company.
- e. Code of Conduct: A set of rule outlining the responsibilities of or proper practices for an individual, party or organization. In this case, it refers to Company's Code of Conduct for Employees and Company's Code of Conduct for Senior Management and Directors.
- f. Ethics Committee: Selected employees or Directors of the Company who are authorized to receive whistle-blower complaints internally or through a third party helpline.
- g. Investigators: Selected employees or third parties charged with conducting investigations to ascertain the creditability of such whistle-blower complaints.
- h. Subject: means a person against whom, or in relation to whom a Protected Disclosure is made.

D. Guiding principles of the Vigil mechanism

To ensure effective implementation of Vigil mechanism, the Company shall:

- a. Ensure protection of the whistle-blower against victimization for the disclosures made by him/her.
- b. Ensure complete confidentiality of the whistle-blower identity and the information provided by him/her.
- c. Ensure that the protected disclosure is acted upon within specified timeframes and no evidence is concealed or destroyed.
- d. Ensure that the investigation is conducted honestly, neutrally and in an unbiased manner.
- e. Ensure whistle-blower would not get involved in conducting any investigative activities other than as instructed or requested by Ethics Committee or Chairman of the Audit Committee.
- f. Ensure the subject or other involved persons in relation with the protected disclosure be given an opportunity to be heard.
- g. Ensure disciplinary actions are taken against anyone who conceals or destroys evidences related to protected disclosures made under this mechanism.

E. Protection for whistle-blower

- a. A whistle-blower would be given the option to keep his/ her identity anonymous while reporting an incident on Ethics Helpline. The Company will make no attempt to discover the identity of an anonymous whistle-blower. If the whistle-blower's identity becomes known during the course of the investigation, Company will ensure that the identity of the whistle-blower will be kept anonymous and confidential to the extent possible, unless required by law or in legal proceedings.
- b. A whistle-blower reporting issues related to sexual harassment, child labour, discrimination, violation of human rights would necessarily need to disclose their identity to enable effective investigation.
- c. Any other employee serving as witness or assisting in the said investigation would also be protected to the same extent as the whistle-blower.
- d. The Audit Committee and the Ethics Committee would safeguard the whistle-blower from any adverse action. This includes discrimination, victimization, retaliation, demotion or adoption of any unfair employment practices.
- e. Protection under this Vigil mechanism would not mean protection from disciplinary action arising out of false allegations made by a whistle-blower.
- f. A whistle-blower may not be granted protection under this Vigil mechanism if he/she is subject of a separate complaint or allegations related to any misconduct.
- g. If a complainant believes that she or he have been treated adversely as a consequence of their use of the Vigil mechanism can approach the Managing Director of Company in confidence. The contact information of Managing Director of Company is provided in Appendix A to this document.

F. Coverage of the Vigil mechanism

All employees, directors, vendors, suppliers, dealers and consultants, including auditors and advocates who are associated with Company can raise concerns regarding malpractices and events which may negatively impact the Company.

- a. Inaccuracy in maintaining the Company's books of account and financial records;
- b. Financial misappropriation, fraud and suspected fraud;
- c. Procurement fraud;
- d. Conflict of interest;
- e. False expense reimbursements;
- f. Misuse of company assets & resources;
- g. Inappropriate sharing of company sensitive information;
- h. Corruption & bribery;
- i. Ethical practices;
- j. Insider trading;
- k. Unfair trade practices & anti-competitive behaviour;
- l. Non-adherence to safety guidelines;
- m. Sexual harassment;
- n. Child labour;
- o. Discrimination in any form;
- p. Violation of human rights;
- q. Retaliation.

G. Reporting mechanism

The whistle-blowers are expected to speak up and bring forward the concerns or complaints about issues listed under Section F “Coverage of the Vigil mechanism”. The Ethics Helpline is established for this purpose and the reporting channels which can be made available to the whistle-blower.

The reporting channels are managed by an independent third party. Complainants will be provided a reference number for their complaint that can be used to provide any additional information or seek feedback or updates on actions taken by the Company.

The Ethics Helpline will prepare the report based on the information provided by the whistle-blower and will share the incident report with the Ethics Committee in next 2 (two) business days. In case, any member of the Ethics Committee is the subject of the complaint or have perceived conflict of interest, the incident report would be sent to the remaining members of the Ethics Committee.

Any member of the Ethics Committee, or any Board Committee formed to investigate any complaint who may have a perceived conflict will recuse themselves from further discussions or meetings on the subject.

Complainants may also directly report concerns to any of the Ethics Committee members as stated under this Policy.

Directors may report their concerns or complaints to Audit Committee directly. In addition under exceptional circumstances where a complainant wants to complain directly to the Managing Director or Chairman of the Audit Committee. For any complaints made to the Managing Director or Chairman of Audit Committee directly, it is mandatory for the complainant to disclose their identity and provide their contact information. The Managing Director or Chairman of the Audit Committee may choose to discuss the matter with the complainant prior to initiating any review or investigation.

H. Ethics committee

- a. Company has established an Ethics committee for managing the Vigil mechanism.
- b. Ethics committee would be responsible to act on the incident reports received from the Ethics Helpline in unbiased manner.
- c. Ethics Committee shall take necessary actions to maintain confidentiality within the organization on issues reported.
- d. Ethics Committee will identify the resources who would conduct the investigation, based on the nature of the issue reported.
- e. Ethics Committee would be responsible for recommending disciplinary or corrective action to the relevant board committee against the subject if investigation proves to be in favor of the allegations raised by the whistle-blower.

I. Investigation

- a. The investigation would be carried out to determine the authenticity of the allegations and for fact-finding process.
- b. The investigation team should not consist of any member with possible involvement in the said allegation.
- c. During the course of the investigation:
 - (i) Ethics Committee will be given authority to take decisions related to the investigation.

- (ii) Any required information related to the scope of the allegation would be made available to the investigators.
- d. The findings of the investigation should be submitted to the Ethics committee by the investigator with all the supporting documents.

J. Role of investigator

- a. A structured approach should be followed to ascertain the creditability of the charge.
- b. Ensure the confidentiality and secrecy of the issue reported and subject is maintained.
- c. Provide timely update to the Ethics Committee on the progress of the investigation.
- d. Ensure investigation is carried out in independent and unbiased manner.
- e. Document the entire approach of the investigation.
- f. Investigation Report including the approach of investigation should be submitted to the Ethics Committee with all the documents in support of the observations.

K. Maintaining secrecy and confidentiality

Company expects individuals involved in the review or investigation to maintain complete confidentiality. Disciplinary action may be initiated against anyone found not complying with the below:

- a. Maintain complete confidentiality and secrecy of the matter.
- b. The matter should not be discussed in social gatherings or with individuals who are not involved in the review or investigation of the matter.
- c. The matter should only be discussed only to the extent or with the persons required for the purpose of completing the investigation.
- d. Ensure confidentiality of documents reviewed during the investigation should be maintained.
- e. Ensure secrecy of the whistle-blower, subject, protected disclosure, investigation team and witnesses assisting in the investigation should be maintained.

L. Disqualification

- a. Issues other than those listed under Section F “Coverage of the Vigil mechanism. Maintain complete confidentiality and secrecy of the matter.
- b. The complainant is not able to provide specific information that covers at least some of the following points:
 - (i) Location of incident;
 - (ii) Timing of incident;
 - (iii) Personnel involved;
 - (iv) Specific evidence;
 - (v) Frequency of issues.
- c. In case the complainant is unable to provide adequate information, the Ethics Committee reserves the right to not investigate the reported matter.

M. Management decision

- a. Board of Directors will take disciplinary or corrective action against the Subject as per the Company’s disciplinary procedures and can also take legal action, if warranted.
- b. The decision of Board of Directors should be considered as final and no challenge against the decision would be entertained, unless additional or material information becomes available at a later stage.
- c. In case of frivolous or false complaints, action may be taken against the complainant.

N. Right to amendment

The Company holds the right to amend or modify the Policy. Any amendment or modification of the Policy would be done by an appropriate authority as mandated in law. The updated Vigil mechanism would be shared with the employees, suppliers and vendors thereafter.
