

ESL STEEL LIMITED

VIGIL MECHANISM POLICY

1. Preface

1.1 The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

1.2 The Company is committed to developing a culture where it is safe for all employees and directors to raise concerns about any poor or unacceptable practice and any event of misconduct or to report their genuine concerns or grievances.

1.3 Section 177 of the Companies Act, 2013 and Rules made thereunder provides our Company to establish a Vigil Mechanism for directors and employees to report genuine concerns. Revised Clause 49 of the Listing Agreement with the Stock Exchanges, inter-alia, provides that the Company shall establish a vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

1.4 The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees and directors wishing to raise a concern about serious irregularities within the Company.

1.5 The policy neither releases employees and directors from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

2. Policy

2.1 This Policy is for the employees and directors as defined hereinafter.

2.2 The Policy has been drawn up so that employees and directors can be confident about raising a concern. The areas of concern covered by this Policy are summarized in paragraph 5.

3. Definitions

3.1 "Disciplinary Action" means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.

3.2 “Employee” means every employee of the Company (whether working in India or abroad) and includes Executive directors.

3.3 “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

3.4 “Subject” means a person against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

3.5 “Whistle Blower” is someone who makes a Protected Disclosure under this Policy.

3.6 “Vigil Officer” means an officer or Committee of persons who is nominated/appointed to conduct detailed investigation.

3.7 “Chairman” will be the Chairman of the Audit Committee for the purpose of receiving all complaints under this Policy and ensuring appropriate action.

4 A. Role and responsibility of “Whistle Blower”

- a) All Employees and directors of the Company are eligible to make Protected Disclosures under the Policy.
- b) The Whistle Blower’s role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case. Whistle Blowers provide initial information related to a reasonable belief that an improper or unethical practice has occurred.
- c) Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the "Vigil Officer" or the Audit Committee.
- d) Protected Disclosure will be appropriately dealt with by the Vigil Officer/Audit Committee, as the case may be.

4 B. Role and responsibility of “Subject” and Protection

- a) The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- b) Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- c) Subjects shall have a duty to co-operate with the Vigil Officer/ Audit Committee during investigation to the extent that such co-operation will not compromise self- incrimination protections available under the applicable laws.
- d) Subjects have a responsibility not to interfere with the investigation. Under no circumstances, subjects should compel investigator to disclose the identity of the Whistle Blower.

4 C. The Guiding Principles

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- a) Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
- b) Treat victimization as a serious matter including initiating disciplinary action on such person(s);
- c) Ensure complete confidentiality;
- d) Not attempt to conceal evidence of the Protected Disclosure;
- e) Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
- f) Provide an opportunity of being heard to the persons involved especially to the Subject;

5. Coverage of Policy

5.1 The Policy covers malpractices and events which have taken place/ suspected to take place involving:

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety
4. Financial irregularities, including fraud, or suspected fraud
5. Criminal offence
6. Wastage/misappropriation of company funds/assets
7. Breach of Company's Code of Conduct or Rules
8. Any other biased, favoured, imprudent event

5.2 Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

6. Disqualifications

6.1 While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

6.2 Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intention.

6.3 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be *mala fide, frivolous* or *malicious* shall be liable to be prosecuted under Company's Code of Conduct.

7. Manner in which concern can be raised

7.1 Employees can make Protected Disclosure to Audit Committee, as soon as possible but not later than 30 consecutive days after becoming aware of the same.

7.2 Protected Disclosure should be accompanied with a covering letter. The Whistle Blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure Concerns expressed anonymously WILL NOT BE investigated.

The Audit Committee would detach the covering letter and forward only the Protected Disclosure to the Vigil Officer of the Company for investigation.

7.3 If initial enquiries by the Audit Committee indicate that the concern has no basis, or it is not a matter to be investigated pursued under this Policy, it may be dismissed at this stage and the decision is documented.

7.4 Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Audit Committee alone, or by a Vigil Officer nominated by the Audit Committee for this purpose. The investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made to the Audit Committee.

7.5 Name of the Whistle Blower shall not be disclosed to the Vigil Officer.

7.6 The Audit Committee/ Vigil Officer/ shall:

- i) Make a detailed written record of the Protected Disclosure. The record will include:
 - a) Facts of the matter
 - b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - c) Whether any Protected Disclosure was raised previously against the same Subject;
 - d) The financial/ otherwise loss which has been incurred / would have been incurred by the Company.
 - e) Findings of Audit Committee /Vigil Officer/;
 - f) The recommendations of the Audit Committee / Vigil Officer/ on disciplinary/other action/(s).

ii) The Vigil Officer/Committee shall finalize steel and submit the report to the Audit Committee within 15 days of being nominated.

7.7 On submission of report, the Audit Committee shall discuss the matter and:

i) In case the Protected Disclosure is proved, accept the findings of the Vigil Officer and take such Disciplinary Action as it may think fit and take preventive measures to avoid reoccurrence of the matter;
ii) In case the Protected Disclosure is not proved, extinguish the matter;

Or

ii) In case the Audit Committee thinks that the matter is too serious, it can further place the matter before the Board with its recommendations. The Board may decide the matter as it deems fit.

8. Protection

8.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure.

Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

8.2 The identity of the Whistle Blower shall be kept confidential.

8.3 Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

9. Secrecy/Confidentiality

The Whistle Blower, the Subject, the Vigil Officer and everyone involved in the process shall:

- a. maintain complete confidentiality/ secrecy of the matter
- b. not discuss the matter in any informal/social gatherings/ meetings
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations

d. not keep the papers unattended anywhere at any time

e. keep the electronic mails/files under password

If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

10. Reporting

A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board by the Vigil Officer.

11. Amendment

The Board of Directors has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.