

## **Vigil Mechanism / Whistle Blower Policy**

**Compliance Department**



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Effective from : 01/07/2022

Review periodicity : Annual/As required by Act

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

### **1. INTRODUCTION**

Pursuant to applicable provisions of section 177 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter may be referred as 'Listing Regulations), every listed Company is required to establish a Whistle Blower Policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances. The Vigil Mechanism is required to provide for adequate safeguards against victimization of directors or employees or any other persons who allow such mechanism and also make provisions for direct access to the Chairperson of Audit Committee in appropriate or exceptional cases.

Under these circumstances, the Company establishes a Whistle Blower Policy / Vigil Mechanism and formulates a policy (not only for its directors and employees but also for its stakeholders including suppliers, customers and other business associates - collectively referred to as "Stakeholders") as follows.

### **2. OBJECTIVES**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees, directors and stakeholders who have concerns about suspected misconduct to

come forward and express these concerns without fear of punishment, victimisation or unfair treatment. A Vigil (Whistle

Blower) Mechanism provides a channel to the employees, directors and Stakeholders to report, to the Management about their genuine concerns or grievances.

### **3. SCOPE**

This Policy intends to cover serious concerns that could have severe impact on the operations and performance of the business of the Company, like malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of the Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and which are formally reported by whistle blowers. This Policy also intends to provide whistle blower mechanism as well as process for investigation into leak / suspected leak of Unpublished Price-sensitive Information as contained in Code-on Prohibition of Insider Trading of the Company, framed under SEBI (Prohibition of Insider Trading) Regulations, 2015.

### **4. DEFINITIONS**

4.1 **"Employee"** means every employee of the Company (whether working in India or abroad), and for the purpose of this policy

may include individuals engaged through contractors.

4.2 **"Ethics Committee"** means a committee consisting of;

- Head of Human Resource  
(<sup>3</sup> Segment: Chemical );
- Head of EHS/operations  
(<sup>3</sup> Segment: Chemical);
- Chief Financial officer
- Company Secretary and
- Other senior employees as time to time nominated by the Finance and Investment Committee of the Board of Directors.

4.3 **"Ethics Officer"** means a person nominated by the Finance and Investment Committee to carry out the duties of Ethics Officer including receiving of grievances, Protected Disclosure from Whistle Blowers, maintain record thereof, placing the same before the Ethics Committee for its disposal and submitting the periodical reports to the Audit Committee.

4.4 **"Finance and Investment Committee"** means a committee constituted vide resolution of the Board of directors of the Company, to carry out the roles and responsibilities as directed by the Board.

4.5 **"Investigation Panel"** means the panel constituted by the Ethics Committee, on case to case basis, consisting of requisite number of members (which may/ may not include employees of the Company).

4.6 **"Protected Disclosure"** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper

activity. Protected Disclosures should be factual and not speculative in nature.

4.7 **"Subject"** means a person or a group of persons against or in relation to whom a Protected Disclosure / grievance has been made or evidence gathered during the course of an Investigation.

4.8 **"unpublished price sensitive information"** means such information as defined under the code on Prohibition of Insider Trading of the Company.

4.10 **"Whistle Blower"** means an Employee / stakeholder making a Protected Disclosure / registering a complaint/ grievance under this Policy.

## 5. COVERAGE OF POLICY

The policy covers malpractices and events which have taken place / suspected to have taken place including but not limited to the following :

- Abuse of authority;
- Breach of Conduct;
- violation of Company rules/ law;
- Financial Irregularities, including fraud or suspected fraud
- Pilferage/ theft of Confidential / Proprietary information/Customer data
- manipulations of company data/records;
- embezzlement of company's monies/ fund/assets;
- Violation/Breach of Company's Code of Conduct/ policies and procedures;
- Criminal Offence;
- Bribery or corruption
- Sexual Harassment

<sup>3</sup> deleted segment - pharma

- Any harassment or unethical, biased or discriminatory event;
- <sup>1</sup>Leak or suspected leak of unpublished price sensitive information
- and other matters or activity on account of which the interest and goodwill of the Company is affected and formally reported by whistle blower concerning its employees and Directors.

5.1 The 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. ELIGIBILITY

6.1 All Employees/stakeholders/Directors of the Company are eligible to make Protected Disclosures/grievances under the Policy.

## 7. DISQUALIFICATION

7.1 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.

7.2 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.

7.3 Whistle Blower, who makes Protected Disclosures/ grievances, which have been subsequently found to be mala fide, frivolous or malicious shall be liable

for disciplinary actions to be taken by the Ethics Committee.

## 8. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:

8.1 All Protected Disclosures must be reported in writing by the Whistle Blower as soon as possible after the Whistle Blower becomes aware of the same so as to ensure clear understanding of the issues raised which either be typed or written in a legible handwriting preferably in English, Hindi or in the regional language.

8.2 The Protected Disclosure must be submitted in a closed and secured envelope and should be superscripted as "**Protected Disclosure under the Whistle Blower Policy**". Alternatively, the same can also be sent through email with the subject "**Protected Disclosure under the Whistle Blower Policy**". If the complaint is not superscripted and closed as mentioned above, it will not be possible to protect the Whistle Blower and the Protected Disclosure will be dealt with as if it is a normal disclosure. In order to protect the identity of the Whistle Blower, the Ethics Officer will not issue any acknowledgement to the Whistle Blower. The Ethics Officer may seek further clarification, if required from the Whistle Blower.

8.3 All Protected Disclosures / grievances must be addressed to the Ethics Officer of the Company at. The contact details of Ethics officer of the Company is as under:

**Name :** Shri Manoj Sharma (CHRO)

**Address :** Aarti Industries Limited

<sup>1</sup> Inserted w.e.f April 01, 2019

247 Embassy Park, Tower C, 4th Floor,  
LBS Marg, Vikhroli (West),  
Mumbai - 400 083.

**Email Id :**  
manoj.sharma@aarti-industries.com

8.4 Protected Disclosure against the Ethics Officer must be addressed to the Chairman of the Company and Protected Disclosures against the Chairman of the Company must be addressed to the Chairman of the Audit Committee :

**Name of Chairman of Company:**

Shri Rajendra V. Gogri

**Address :**

247 Embassy Park, Tower C, 4th Floor,  
LBS Marg, Vikhroli (West),  
Mumbai - 400 083.

**Email Id :**

rajendra@aarti-industries.com

**Name of Chairperson of Audit Committee:**

Shri Ashok Kumar Barat,

**Address :**

247 Embassy Park, Tower C, 4th Floor,  
LBS Marg, Vikhroli (West),  
Mumbai - 400 083.

**Email:**

ashok.barat@ailboard.com

8.5 Unless otherwise directed by the Finance and Investment Committee or thought appropriate by the Ethics Committee the complaints or grievances lodged under this mechanism shall be dealt following the process as prescribed.

## 9. INVESTIGATION

9.1 All Protected Disclosures / grievances reported under this Policy will be thoroughly investigated by the

Investigation Panel formed by the Ethics Committee. Investigation shall be launched only after a preliminary review by the Ethics Officer/ Committee and/or the Chairman of the Company and/or the Chairman of the Audit Committee.

9.2 In case of leak or suspected leak of Unpublished Price - sensitive Information, the investigation shall be initiated on becoming aware about such leak or suspected leak, with or without any protected disclosures received from any whistle blower in this regard and Investigation panel shall be constituted immediately.

9.3 The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact-finding process.

9.4 The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible.

9.5 Subjects will normally be informed of the allegations at the outset of a formal investigation and will be given opportunities for providing their inputs, as the case may be, during the investigation.

9.6 Subjects shall have be duty-bound to extend due co-operation during Investigation Process.

9.7 Subjects shall have a right to consult with a person or persons of their choice, other than the Ethics Officer and/or Investigation Panel and/or members of the Ethics Committee and/or Chairman of the Company and/or Chairman of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to

represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.

9.8 Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

9.9 Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report.

9.10 No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

9.11 The investigation shall be completed normally within 30 days of the receipt of the Protected Disclosure / grievance unless circumstances requires more time to be spent on investigation process.

## **10. ACCESS TO THE CHAIRMAN OF THE AUDIT COMMITTEE**

10.1 The Whistle-blower shall have a direct access to the Chairman of the Audit Committee in appropriate or exceptional cases and the Chairman of the Audit Committee is authorised to prescribe suitable directions in this regard. Immediate, appropriate or exceptional cases shall be such cases that requires adequate safeguards against victimisation of employees, directors and stakeholders.

## **11. PROTECTION**

11.1 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 the Whistle Blowers. A Complete protection will, therefore, be given to Whistle Blowers and employees assisting in investigation against any unfair practice.

## **12. INVESTIGATORS**

12.1 Investigation Panel is required to conduct a process towards fact-finding and analysis. Investigation Panel derives the authority and access rights from the Ethics Committee when acting within the course and scope of the investigation.

12.2 Technical and other resources may be drawn upon as necessary to augment the investigation. Investigation Panel shall be independent and unbiased both in fact and as perceived. Investigation Panel has a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards. The individual forming part of investigation panel is duty-bound to disclose any interest, which may conflict with / affect the conduct of investigation process in an ethical manner and will strive not to be a part of the panel for the said investigation.

12.3 The Investigation Panel may conduct interviews of the parties or witnesses in person by e-mail, telephone or similar means.

**13. ROLE OF ETHICS COMMITTEE**

- 13.1 To support in carrying out the preliminary review.
- 13.2 To identify the members, scope, reporting and timeline of investigation.
- 13.3 Ensure that the Investigation Panel has conducted the investigation in an unbiased and transparent manner.
- 13.4 Ensuring highest degree of ethical practices in Company's business and conduct.
- 13.5 Decide on the outcome of the investigation, whether an unethical or improper act has been committed.
- 13.6 Take suitable action against the subject on the basis of the observation of the Investigation Panel.
- 13.7 Preserve the protected disclosure, findings of facts, action taken report, evidences collected during the investigation process and outcome for a period of 7 years from the conclusion of the case.
- 13.8 To act as a single source guiding principle on a collective front thus enabling the Company to realize its larger organizational vision.
- 13.9 To roll out the policy and ensure implementation of the same.
- 13.10 To nurture a culture of freedom to approach ethics committee, designated officers under this Policy and to ensure implementation in true spirit.
- 13.11 To constitute / re-constitute sub-ethics committee for business segments /zone/plant/location as it may consider appropriate, which shall act in accordance with the directions of Ethics Committee. The sub – ethics

committee shall be constituted with the approval of the Chairman / Managing Directors of the Company.

- 13.12 To carry on such other roles or discharge functions as may delegated by the Finance and Investment Committee.
- 13.13 The Ethics officer / Committee shall inform the Whistle Blower of the outcome of the investigation, either in person or in writing as appropriate, considering the interest of the organization

**14. DECISION**

- 14.1 All final decisions of the Investigation Panel shall be recorded by the Ethics Committee in the form of written report. The reports content and subsequent disposition of the reports by the Investigation Panel depends on whether or not the decision calls for a disciplinary action.
- 14.2 If an investigation leads the Ethics Officer and /or the Chairman of the Company and /or Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, they shall recommend to the Ethics Committee of the Company to take such disciplinary or corrective action as the Ethics Committee may deem fit which may include but shall not be restricted to; Issuance of Letter of Warning, Suspension/ Termination from the employment, Change in Job/ Function/ Location/ Grade/ Privileges.
- 14.3 It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an

investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

## 15. SECRECY/ CONFIDENTIALITY

The Whistle Blower, Ethics Officer, Member of Ethics Committee / Sub Ethics Committee, the Investigation Panel, Chairman of the Company, Chairman of the Audit Committee, the subject and everybody involved in the process shall :

- i. Maintain confidentiality of all matters under this Policy
- ii. Discuss only to the extent or with those persons as required under this Policy for completing the process of investigation.
- iii. Not keep the papers unattended anywhere at any time.
- iv. Keep the electronics mails/files with adequate protection.

## 16. REPORTING

16.1 A report in the format as mentioned in **“Annexure A”** stating description of protected disclosure/ grievance, investigation results and measures taken by the Ethics Committee shall be placed before the Audit Committee on a quarterly basis.

16.2 <sup>2</sup>In case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive the Board shall be intimated promptly of such leaks, inquiries/ investigation and results of such inquiries/investigation.

## 17. ADMINISTRATION AND REVIEW OF THE POLICY

17.1 The Finance and Investment Committee and /or Ethics Committee shall be responsible for the administration, interpretation, application and review of this Policy as the case maybe.

## 18. AMENDMENT

### 18.1 Statutory Updates

This Policy shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any change in law. An update thereon would be reported to the Audit Committee and Board of Directors.

### 18.2 Other updates

All major procedural updates, shall be effective only, if those are carried out after the review and approval of the Board of Directors based on Audit Committee’s recommendations.

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<sup>2</sup> Inserted w.e.f. April 01, 2019

**Report of Ethics Committee pursuant to Vigil Mechanism/Whistle Blower Policy**

To  
Audit Committee

Pursuant to Clause 16 of the Vigil Mechanism/Whistle Blower policy, following is the report of the Ethics Committee for the quarter ended \_\_\_\_\_.

Sr. No.	Subject of the Investigation	Brief Description of Grievance/Protected Disclosure	Date of receipt of Grievance/ Protected Disclosure	Date of completion of investigation	Investigation Result	Date of the Meeting in which actions were taken	Action Taken

**For Ethics Committee**

**Chairman**