

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

INTRODUCTION:

Section 177 (9) of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014, each as amended (“**the Act**”) mandates to constitute a vigil mechanism for directors and employees to report genuine concerns.

Accordingly, this Vigil Mechanism and Whistle Blower Policy (**the “Policy”**) has been formulated with a view to provide a mechanism for directors and employees of the Company to report their genuine concerns or grievances as described later in the Policy.

OBJECTIVE:

- a) To enable Employees and Directors to voice concerns in a responsible and effective manner, without fear of reprisal or victimization, discrimination or disadvantage where there is reason to believe that the information shows serious malpractice, impropriety, abuse or wrongdoing within the Company.
- b) To enable disclosure of information, independently of line management for employees (although in relatively minor instances the immediate superior would be the appropriate person to be informed).
- c) To build and strengthen a culture of transparency and trust in the Company.

DEFINITIONS:

- a) “**Act**” means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.
- b) “**Board of Directors**” shall mean the Board of Directors of the Company.
- c) “**Company**” means Shogun Organics Limited.
- d) “**Directors**” means directors of the company.
- e) “**Employee**” means every employee of the Company, including the directors in the employment of the Company.
- f) “**Nominated Director**” means a director nominated by the board pursuant to Section 177(9) of the Act read with Rule 7(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- g) “**Policy**” means Vigil Mechanism and Whistle Blower Policy.
- h) “**Protected Disclosure**” means any communication made by a Whistleblower to the Company in good faith with respect to any information that may evidence unethical/ unacceptable or improper practices. “**Subject**” means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

SHOGUN ORGANICS LIMITED

- i) **“Whistleblower”** means any Employee or Director making a Protected Disclosure in accordance with this Policy.

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Companies Act, 2013, or any other applicable law or regulation to the extent applicable to the Company.

SCOPE OF THE POLICY:

Whistleblowers can make Protected Disclosures regarding:

- a) Malpractice,
- b) Impropriety,
- c) Abuse or wrongdoing by an individual or department.

This Policy will not cover issues relating to employment and general administration related complaints/concerns.

The Whistleblower’s role is that of a reporting party with reliable information. They are not required and expected to act as investigators or to be involved in deciding what course of remedial action is warranted in a given case. Although, the Whistleblower is not expected to provide complete and effective evidence in proof of the allegation, he/she needs to demonstrate to the nominated director that there are sufficient and reasonably valid grounds for the concern.

Following is an indicative list of events in relation to which a Whistleblowers may make a complaint:

- a) Any unlawful act, whether criminal (e.g. theft) or a breach of the civil law (e.g. slander or libel)
- b) Misrepresentation of facts or falsification of records / reports of the Company.
- c) Misuse of Company assets / funds; (e.g. forged bills, personal use of company assets etc.)
- d) Pilferage of confidential information to advance personal interests.
- e) Unfair discrimination, coercion, harassment in the course of employment or provision of services.
- f) Breach of any policy or manual or code adopted across the company.
- g) Health and safety risks, including risks to the public as well as other employees (e.g. faulty electrical equipment).
- h) Fraud and corruption (e.g. to solicit or receive any gift/reward as a bribe).
- i) Any instance of failure to comply with legal or statutory obligation either for and on behalf of the Company or in any personal capacity in the course of discharging duties of the Company.
- j) Any instance of any kind of financial malpractice.
- k) Abuse of power (e.g. sully/harassment).
- l) Any other unethical or improper conduct.

The Nominated Director shall appropriately deal with protected disclosures, as the case may be.

DISQUALIFICATION:

- a) While it will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment, discrimination, reprisal, harassment or vengeance, any abuse of this protection will warrant disciplinary action.
- b) Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a mala fide intention.

SHOGUN ORGANICS LIMITED

- c) Whistleblowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistleblowers, the Company/ Nominated Director would reserve its right to take appropriate disciplinary action.

REPORTING OF PROTECTED DISCLOSURE:

All employees of the company including directors are eligible to make protected disclosures under the policy in relation to matters concerning the company. The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing. This Policy ensures that employees are empowered to pro-actively bring to light such instances without fear of reprisal, discrimination or adverse employment consequences.

This Policy is not, however, intended to question financial or business decisions taken by the Company that are not Protected Disclosures, nor should it be used as a means to reconsider any matters which have already been addressed pursuant to disciplinary or other internal procedures of the Company. This policy shall not be used:

- a) For raising grievances related to employees' own career / other personal grievances.
- b) For raising grievances related to career of other employees / colleagues.
- c) Grievances arising out of the policies / procedures of the Company and any decision taken by the superior / management in this respect.
- d) Grievances related to such other similar issues like a), b) and c) hereinabove.

All Protected Disclosures should 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 a clear understanding of the issues raised.

To make more effective and controlled mechanism, employees can lodge a Protected Disclosure in any one of the following ways to Nominated Director:

- a) By sending an email to whistleblower@shogunorganics.com with the subject "Protected Disclosure under the Whistle Blower Policy".
- b) By sending letter in a closed and secured envelop and super scribed as "Protected Disclosure under the Whistle Blower Policy" to *the Nominated Director, Shogun Organics Limited, 4th & 5th Floor, Block-A, NDM-1, Netaji Subhash Place, Delhi-110034.*

However, employees can lodge a Protected Disclosure anonymously without disclosing the identity. A protected disclosure received anonymously will be evaluated by the Company for investigation. In exercising this discretion, the following factors will be taken into consideration:

- a) The seriousness of the issue raised;
- b) The creditability of the concern; and
- c) The likelihood of confirming the allegations from attributable sources.

If a Protected Disclosure is received by any executive of the Company other than nominated director then the same should be forwarded to nominated director for further action. Appropriate care must be taken to keep the identity of the Whistleblower confidential.

Protected Disclosures should be factual and not speculative or in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

INVESTIGATION PROCESS:

1. All Protected Disclosures reported under this Policy will be thoroughly investigated by Nominated Director. If Nominated Director has a conflict of interest in any given case, then he/she will be recused, and board of directors will decide how to deal with that matter.
2. All protected disclosures received will be documented.
3. If the complaint/concern indicates that it is baseless, or it is not a matter to be pursued under this policy, the nominated director may dismiss the complaint at this stage itself and the decision will be documented.
4. In case the concern does not fall within the ambit of this Policy, the Whistleblower shall be informed that the concern is being forwarded to the appropriate department/authority for further action, as deemed necessary.
5. The nominated director shall undertake the initial inquiry.
6. The identity of all parties involved in the complaint made by the Whistleblowers will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
7. All parties involved in the complaint made by the Whistleblowers will normally be informed of the allegations at the outset of a formal investigation and have opportunities for being heard during the investigation.
8. All parties involved in the complaint made by the Whistleblowers 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 parties involved in the complaint made by the Whistleblowers.
9. Unless there are compelling reasons not to do so, parties involved in the complaint made by the Whistleblowers will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a party involved in the complaint made by the Whistleblowers shall be considered as maintainable unless there is good evidence in support of the allegation.
10. Parties involved in the complaint made by the Whistleblowers have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Company.
11. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure from the Whistleblower. Concerns requiring additional time for inquiry shall be intimated to board. Once the inquiry is completed, the nominated director shall communicate the actions to be taken, if any, by respective groups within the Company and track closure.
12. All parties involved in the complaint made by the Whistleblowers, Investigators, witnesses and everyone involved in the investigation process shall maintain complete confidentiality of the case, during and after the completion of the same.

A Whistle Blower shall make a Protected Disclosure directly to nominated director, when the nominated director him/herself is the object of complaint or when the Whistleblower is not satisfied with the progress and/or the outcome of his complaint. The concern/complaint can be reported to board of directors.

INVESTIGATORS:

1. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from nominated director, when acting within the course and scope of their investigation.
2. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.

SHOGUN ORGANICS LIMITED

3. Investigations will be launched only after a preliminary review which establishes that:
 - The alleged act constitutes an improper or unethical activity or conduct, and
 - Either the allegation is supported by information specific enough to be investigated or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

ASSURANCES UNDER THE POLICY (TO WHISTLE BLOWER):

- a) Whistle Blower, barring such instances where such Protected Disclosure is required strictly for the purpose of law or to facilitate the investigation process.
- b) The Company will not tolerate any harassment or victimization (including informal pressures) against the Whistleblower and will take appropriate action to protect the Whistleblowers when they make the Protected Disclosure in good faith.
- c) The Company will provide adequate and timely support and protection to the Whistleblowers in the event of facing any civil or criminal action in consequence to the Protected Disclosure made to the Company.
- d) A Whistleblower may report any violation of the above clause to nominated director, who shall investigate into the same and recommend suitable action to the management.
- e) Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

ASSIGNMENT OF INVESTIGATION TO LEGAL AUTHORITIES:

- a) If the management finds that the Protected Disclosure is true and grave in nature and that is totally against the interest of the Company and /or are detrimental to the business of the Company, then the management may assign the investigation to legal authorities by following due procedure.
- b) In such an event proper care of the Whistleblower will be taken regarding his/her personal safety.
- c) Any participation of the Whistleblower in such investigation as evidence will be treated as official work.

DECISION:

If an investigation leads the nominated director to conclude that an improper or unethical act has been committed, he shall recommend to the management of the Company to take such disciplinary or corrective action as he deems fit. 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.

RECORD KEEPING:

Records pertaining to the complaint shall be kept confidential and maintained by the Compliance Officer. Records shall be maintained as per the extant record retention Policy of the Company.

REVIEW OF THIS POLICY:

This policy is framed based on the provisions of the Act and the requirements of any other applicable laws or statutory enactments. In the event of any conflict between the provisions of this Policy and of

SHOGUN

ORGANICS LIMITED

the Act or any other applicable laws or statutory enactments, rules, the provisions of such Act or law or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment / modification in the Act and/or applicable laws or statutory enactments in this regard shall automatically apply to this Policy. Any changes or modification on the would be presented for approval of the Board of Directors.