

## **VIGIL MECHANISM POLICY**

### **LAW AND RULES**

Section 177 of the Companies Act 2013 read with Rule 7 of Chapter 12 as well as Clause 49 of the listing agreement envisages that every listed company as well as other specified companies should establish a vigil mechanism for directors and employees to report genuine concerns and have a redressal mechanism for investigating such matters. This mechanism will report to the audit committee of the Board and the details of such vigil mechanism should be disclosed in the Board's report to the shareholders and in the company website.

### **POLICY**

The office of the Ombudsperson provides an independent forum and the required vigil mechanism under the law for all employees and other stakeholders of the company to raise concerns and report any breach or threatened violation of the code.

As required under the listing agreement and the Companies Act 2013 and rules, it reports to the audit committee of the Board and is authorized to investigate complaints received or suomoto on the basis of information.

The process in place for addressing concerns is fair, neutral and aimed at keeping the cases as well as the identity of the persons involved confidential to the extent necessary and feasible. Employees and Business Associates are assured that they are fully protected against reprisals, punishment, intimidation, coercive action, dismissal or victimization for reporting genuine concerns made in good faith even if not proven. Any person(s) who attempt to victimize any person, who complains, co-operates or provides information/data will be subject to appropriate penal action. On the other hand, frivolous, false and malicious complaints will be treated with the utmost severity and the consequences may even include dismissal or termination of service.

### **PROCEDURE FOR FILING A COMPLAINT OR VOICING A CONCERN**

Any person whether an employee or not, may raise a concern or file a complaint

- Through telephone
- Through email at [secretarial@cilsd.in](mailto:secretarial@cilsd.in)
- In writing (hard copy) to the HR Dept.

## **FILING A COMPLAINT**

Full details of the alleged breach including location, date and time, persons involved, any witnesses, documents if available and the identity of the complainant should be provided.

Anonymous complaints may also be investigated if there is some prima facie basis for such complaints but employees are encouraged to provide their names for follow up discussions and for verification of the veracity of the complaint.

## **INVESTIGATION PROCESS**

All complaints will be logged with a serial number and date and acknowledged. The office of the Ombudsperson will conduct a preliminary evaluation on the basis of information provided to determine whether it merits a detailed investigation.

This will be followed by a detailed investigation once established, which will include discussions with the relevant persons, sifting through available evidence, witnesses and others who are willing to provide data or information.

Whenever the matter involves a financial misdemeanor, loss to the company and such, the matter will be handed over to the internal audit team for further detailed investigation. At times, the two teams will work jointly on a case. An external investigative entity may also be involved in certain matters that merit such support.

The identity of the complainant will be kept confidential and only disclosed on a strict “need to know” basis to others. The individual against whom the complaint has been made will also be given an opportunity to present his/her side of the case along with any documentary support if available. At times, others including colleagues may be called upon to substantiate or refute allegations.

While investigating a complaint, the Ombudsperson will take into account the following:

- The basis of the complaint and the seriousness of the allegations
- The reporting hierarchy and relationship of the persons involved
- Evidence available including information of witnesses or sources
- Repeat offences by the same person
- Impact on the company: monetary, reputation or legal.

A report on the complaint, facts, evidence and recommendations based on the consequence management policy will be prepared and sent to the CEO with a copy to the head of the business unit within 4 weeks, who will then:-

- Initiate the necessary action within 15 days and inform the Ombudsperson on closure post the implementation of the recommendation if he/she agrees.

- If the CEO does not agree with the conclusion and/ or recommendations, the matter will be discussed between the CEO and the Ombudsperson to arrive at a mutually agreed position within a further 15 days.

If there is still no agreement, the matter will be escalated to the chairman of the Board or the audit committee for resolution. The decision of the chairman is final and binding and will be implemented.

A report will be submitted to the audit committee of the Board on the cases, updates and action taken by the Ombudsperson's office.

The Ombudsperson's office will be responsible for the implementation of this policy and process. A copy of this policy is available to all employees and also posted on the website of the company and on the intranet. Any person who joins the company will be provided with a copy and there will be continuous training programs to ensure awareness and compliance with this policy for all employees in addition to the annual certification.

The Committee is required to check whether anything happening inside the company which can be posed harmful for the stakeholders and/or the company as a whole. The committee should check and immediately take action against on the following listed hereunder:-

## **I. INSIDER TRADING**

Insider trading is a prohibited activity and persons indulging in any such activity are liable for prosecution by the Securities Exchange Board of India and termination of services by the company. Please seek the advice of the Company Secretary if you have any doubt whether you are eligible to trade in the company's shares at a particular time.

Insider trading in this context means misusing company's confidential, price sensitive information by trading in the company's listed securities directly or indirectly through friends, relatives or contacts. It undermines investor confidence in the fairness and integrity of the securities market and its detection and prosecution by the securities regulator of the concerned persons who have breached their fiduciary duty of maintaining confidentiality.

Certain employees of the company have access to and are involved in matters that are confidential and if disclosed, can impact the market price of the shares. If you are such an employee, you must:-

- a) Maintain strict confidentiality of the information and refrain from dealing in the company's securities for the entire relevant period.
- b) Not discuss or disclose any confidential information to any person under any circumstances since such person may misuse the information to deal in the company's shares

- c) Honor the “silent period” as announced by the company every quarter and at other times
- d) Report any breach that you are aware of promptly to the Company Secretary
- e) Read and strictly comply with the company’s policy and the regulations on Insider Trading including obtaining prior approval for trading when required and disclosing trading forthwith to the Company Secretarial department

## **II. IMPROPER PAYMENTS : ANTI-BRIBERY & CORRUPTION**

All employees are required to read and understand the full implications of the law and policy on bribes. Employees and their relatives are not permitted under any circumstance to offer or receive bribes in the form of gifts, cash, facilities or any other manner either directly or indirectly.

When selecting firms/ entities for doing business, please exercise due care and diligence to ensure that only those with the highest reputation and integrity are selected. Payments to consultants and agents that are excessive to the service/product being received by the company or reimbursement of expenses that seem to be much higher than actual expenditure incurred are to be strictly avoided.

Improper payments or bribes are strictly prohibited

1. By law set out in the Prevention of Corruption Act and
2. Company policy

Bribe/ bribery means the giving, offering, promising, requesting, agreeing to receive or, receipt or acceptance either directly or indirectly any advantage. It may be financial and includes any payment, gift, loan, fee, or reward, to or from any person in order to illegally or improperly influence a decision in favor of the giver.

Corrupt/ corruption means the misuse or abuse of office or power for personal gain.

Examples of bribes include

- money or cash equivalent;
- unreasonable or extravagant gifts, entertainment or hospitality;
- unwarranted allowances or expenses;
- uncompensated use of company services or facilities;
- anything else of value; or
- an advantage (whether financial or not)

It means giving or accepting any undue benefit in cash, kind or any form of benefit by or to:

1. A government official at national, state or local level including government companies and public sector enterprises

2. Employees, relatives or friends to gain a benefit that may include approvals, licenses, and permits.

### **III. FRAUD**

Fraud, by act or conduct is a deliberate concealment of what should have been disclosed or misrepresentation of a fact to deceive or cheat to obtain an advantage or cause loss or damage to the company.

As an employee, you must

- Be honest in all your dealings with the company and Business Associates. You are prohibited from willfully providing incorrect information or concealing relevant data
- Report promptly any instance of fraud or threat of fraud to your direct reporting manager or the internal audit department
- Not appropriate company property, funds or any item of value that belongs to the company nor claim reimbursements that you are not entitled
- Not alter or forge cheques, financial records or company data.

### **IV. FINANCE AND ACCOUNTING PRACTICES**

The company shall prepare and maintain its accounts fairly in accordance with the generally accepted accounting principles, guidelines, financial accounting standards and applicable regulations from time to time.

All business and financial transactions must be authorized and recorded in accordance with the delegation of authority of the company. All books of account, financial records, reports and other financial documents of the company must be preserved in good order and may be disposed of by the Finance Department only after the expiry of the mandatory period for retention prescribed under law.

All employees are expected to demonstrate integrity, professionalism and due diligence in maintaining accurate records of all financial transactions.

### **COMPETITION AND COMPLIANCE WITH LAW**

The company subscribes to upholding the highest standards of fair and ethical business practices and market driven competition. The company acknowledges that while competing aggressively, the nature of the industry also needs collaboration but within the framework of applicable laws.

The company is a member and leader of some industry and trade associations and may represent these bodies in various platforms to promote the cause of industry in general and

protect its interest, however subject to policies and procedures that are mandated by regulation to ensure fair competition in the market place.

As an employee, you must not:

- Directly deal with, contact or engage with competitors that may create a potential conflict with the provisions of competition law
- Share or part with company specific information in an industry forum or enter into agreements with competitors on any matter unless you have consulted with the legal department in advance
- Enter into agreements that may be construed as abuse of dominance or restrictive trade practices such as price fixation, exclusive tie in arrangements, limiting the supply of goods or services, collusive bid rigging or predatory pricing

Compliance with all applicable laws and regulations is an absolute must and non-negotiable. The company has a zero tolerance policy for breach of regulations and rules and expects every employee not only to be fully aware of all applicable laws but also to comply with the same in letter and spirit.

As an employee, you must:

- Ensure that you understand the implications of the laws that are applicable to your area of work
- Be compliant with the laws and applicable regulations
- Notify the legal department of any threatened or actual breach
- Inform your Business Associates of the company policy on compliance

You have a duty to report to the Vigil Mechanism Committee for any alleged instance or incident of breach and consult them when in doubt about a practice or arrangement being a permitted activity. Compliance with the anti-trust law is a legal requirement and any breach may have serious penal and reputational consequences for the company.

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