

ESSAR STEEL INDIA LIMITED

Registered Office: At 27th KM, Surat Hazira Road, Dist. Surat, PIN-394270, Gujarat

ESSAR STEEL “WHISTLEBLOWER” POLICY

ESSAR STEEL Hotline

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1. Purpose

The Whistleblower Policy aims at encouraging and supporting Positive Action in ESSAR STEEL INDIA LIMITED and its subsidiaries by clearly defining a framework, which allows reporting of inappropriate conduct or behavior, such as demanding or accepting bribes, questionable accounting or fraudulent financial transactions. This policy outlines the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct / behaviour is/are noticed, reported or suspected. This policy furthermore aims not only at protecting the identity of the “Whistleblower” but also protecting him/her from any subsequent retribution within the system by any affected party. With an intention to encourage a clean work environment, the company may provide opportunities for requital in such matters.

The Companies Act, 2013 requires establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances.

To meet the above objectives, the Board of Directors of the Company has decided to adopt this policy by formulating a procedure to bring to attention of the Management incidents of improper conduct/s without fear of victimization.

2. Definitions:

The definitions of some of the terms used in this policy are given below.

- a. “**Audit Committee**”: means the Audit Committee constituted by the Board of Directors of the Company and having powers in compliance with provisions of section 177 of the Companies Act, 2013.

- b. **“Chief Internal Auditor or the “CIA”**” shall mean the Chief Internal Auditor appointed by the Audit Committee / Board of Directors and in the case of vacancy in the position of Chief Internal Auditor such person as may be nominated by the Audit Committee or the Executive Vice Chairman to discharge the duties under the Policy.
- c. **“ESTIL Associates”** means all directors, managerial employees, non-managerial employees, contract workmen, consultants, vendors, customers, franchisees, auditors, advisors and trainees of Essar Steel India Limited and its subsidiaries both domestic and international,
- d. **“Defendant”**: means any ESTIL Associate against whom an allegation has been made
- e. **“Inappropriate conduct”** is defined in paragraph 4 of the Policy.
- f. **“Investigation team”** means those persons authorized, appointed, consulted or approached by the Chief Internal Auditor or the Chairman of the Audit Committee and may include the auditors of the Company and the police.
- g. **“Whistleblower”**: means any ESTIL Associate reporting an inappropriate conduct or behavior.

3. Applicability

This Policy applies to all ESTIL Associates. This policy also covers within its ambit all third parties who not being in direct employment of the company are involved directly or indirectly in doing business with the company either as vendors or as suppliers of the company. Any ESTIL Associate can report an inappropriate conduct in the company.

4. Coverage and Scope

Inappropriate Conduct is an act:

- i. that is dishonest.
- ii. that leads to an intentional waste, mismanagement, abuse of authority, theft, conversion, sabotage in any field adversely affecting the Company's performance or misuse of Company's property.
- iii. that is in breach of applicable local/domestic/international laws in the area of operation that is in breach of Essar Steel India Limited's/its subsidiaries defined policies, processes and standard operating procedures.
- iv. that involves questionable accounting or fraudulent financial transactions including a misrepresentation that knowingly misleads, or attempts to mislead a ESTIL Associate to obtain financial or other benefits or to avoid fulfilling obligations.
- v. that is corrupt, which means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence the actions of another ESTIL Associates.
- vi. that includes coercive practices by the defendant, which involves impairing or harming, or threatening to impair or harm, directly or indirectly, any ESTIL Associates or the property of the ESTIL Associates to influence improperly under duress, actions of the ESTIL Associates.
- vii. that involves conspiracy or collusive practices, which means an arrangement between two or more defendants designed to achieve an improper purpose, including influencing improperly the actions of another ESTIL Associate, which is against the interest of the company.
- viii. Health and safety risks including risks to the public as well as other employees
- ix. Abuse of vulnerable adults (e.g. through physical, physiological or financial abuse, exploitation or neglect)

Note: The above list of inappropriate conduct/behavior is only illustrative by nature and not exhaustive; Chief Internal Auditor is the final deciding authority on whether a conduct/behavior lies within the scope of this policy.

5. Disqualifications

Cases reported under this policy would be disqualified under the following circumstances:

If it is found that a complaint has been made solely and/or maliciously, purely as an act of retribution against another ESTIL Associate. In such a case, the false Whistleblower is liable for disciplinary action and punishment for mala-fide complaint made under this policy. The decision-making authority for this lies with the Chief Internal Auditor.

Complaints associated with unsatisfactory probation reports and performance evaluations shall be referred to the Human Resources Department and redress sought through other mechanisms established within the system. However, where in the view of the Whistleblower, factors such as probation reports, performance evaluations or work assignments and opportunities are being used by management in a retaliatory manner, the Policy shall apply.

Complaints made anonymously. Anonymous complaints may be investigated by the Company at its sole discretion through its internal Audit/Vigilance/HR departments,.

The Chief Internal Auditor has the discretion to disqualify any complaint from being investigated under this policy, by recording such decisions specifically in writing. However, such a decision shall be arrived at unanimously, without any dissent.

6. Advocacy for Whistleblowers:

The Chief Internal Auditor will seek the guidance of the Chairman of Audit Committee where appropriate. However in all cases where the defendant is an employee at management grades M-01 or M-02 level) the Chairman of the Audit Committee must be consulted.

The whistleblower must be informed of the above process and he may directly communicate with the Audit Committee Chairperson if he is not satisfied with the process as provided in Para 10 of the Policy.

7. Hotline Complaint Recording Procedure

1) There are two Hotline Channels through which a Whistleblower can report an inappropriate conduct/behavior:

- ***Sending an e-mail to hotline@essar.com especially created for this purpose.***
- ***Posting a letter to ESSAR STEEL Hotline, Suresh Iyer, Chief Internal Auditor Equinox Business Park (Peninsula Techno Park), off Bandra Kurla Complex, LBS Marg, Kurla (W), Mumbai-400070, Maharashtra. India specially created for this purpose.***

The authority to access the complaints made through any of the two channels would rest only with CIA.

The Whistleblower is expected to have knowledge of the facts on which the complaint is based and must therefore disclose sufficient facts about the existence of improper conduct by a defendant in the complaint.

2) The CIA receives the complaint and decides whether the complaint qualifies for further investigation under the ESSAR STEEL Whistleblower Policy.

3) If the CIA decides that the complaint qualifies for investigation under the Whistleblower Policy, it selects the members of the Investigation Team. The CIA may at its discretion appoint an external agency to carry out the investigation.

4) It is the responsibility of the CIA to convene a joint meeting of the CIA and the Investigation Team. In this meeting, the Investigation Team is briefed about the complaint.

5) The Investigation Team submits the Investigation Report to the CIA clearly indicating their

findings.

- 6) If the CIA is satisfied with the findings of the Investigation Team, it takes a decision based on whether the defendant(s) have been found guilty or not guilty and accordingly in appropriate cases will recommend to the Audit Committee imposition of penalties.
- 7) If the defendant(s) has been found not guilty, they are given a letter of exoneration from charges leveled against them by the Whistleblower.
- 8) CIA informs the Whistleblower about the final outcome of the investigation, as well as the action taken.
- 9) The Chief Internal Auditor shall report on a periodic basis the details of receipt of hotline complaints, investigations carried out and outcome of the same to the Audit & Governance Committee.
- 10) If any member of the CIA or the Audit Committee has a conflict of interest in a given case, they shall recuse themselves and the others of the CIA and/or the Audit & Governance Committee, as the case may be, shall deal with the matter on hand.
- 11) if the whistleblower or the defendants are aggrieved by decision of the CIA, they shall have recourse to represent their case as setout in Para 10 of the Policy.

Note: It must be noted here that the decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact-finding process.

8. Confidentiality of Identity of the Whistleblower

- a) It is the obligation of the CIA and the Audit Committee to ensure total confidentiality of the identity of the Whistleblower unless he/she agrees to be identified.
- b) Wherever identification of the Whistleblower is necessary to allow ESSAR STEEL or the appropriate law enforcement officials to investigate or respond effectively to the disclosure, the same would be done in consultation with the Whistleblower and the relevant law enforcement agencies.
- c) Identification is required by law or under ESSAR STEEL's rules and regulations, where a

false accusation has been maliciously made, or if the person accused is entitled to the information as a matter of legal right or under ESSAR STEEL's rules and regulations in the disciplinary proceedings, the same shall be done in consultation with the Whistleblower prior to revealing his/her identity.

9. Protection from Retaliation

Retaliation is any act direct or indirect, recommended, threatened or taken against a Whistleblower because the Whistleblower has made a complaint under the policy. A direct quid-pro-quo needs to be established between the action/threat faced by the Whistleblower and the original complaint made under this policy, which forms the basis/purpose of this retaliation.

Retaliation includes:

- discrimination
- physical or mental harassment vengeance by any other means or form including adverse change in job function / location or
- a combination of the above

Retaliation against any Whistleblower(s) by any defendant(s) directly/indirectly, will be treated as an offence meriting Disciplinary Action and (or) Criminal Implication. The acts of Retaliation by those not qualifying as ESTIL Associates would be reported to the local law enforcement agency, at the discretion of the CIA.

The Whistleblower, any other ESTIL Associates or anyone outside the Essar Group can report acts of Retaliation against the Whistleblower, his/her life, property, lives of relatives and acquaintances. The CIA will monitor complaints of Retaliation on an ongoing basis.

10. Grievances

If the Whistleblower feels aggrieved with the disposition of his or her complaint or if the Whistleblower or defendant feel that either of them is entitled to or has not been provided protection or has been disregarded / victimized or there are exceptional circumstances, the Whistleblower or defendant, as the case may be, may make a representation in writing of his or her grievance to the Chairman of the Audit Committee who will take such action as he considers necessary to redress the grievance either on his own motion or with the approval of the Audit & Governance Committee. The decision of the Chairman of the Audit Committee shall be final.

The Chairman of the Audit Committee can be reached by any of the two means:

- sending an e-mail to dilipithakkar@hotmail.com. Communications to the Chairman of
- *Posting a letter to **Chairman, Audit & Governance Committee, ESSAR STEEL Ltd., [address of Chairman]** Mumbai-400001, Maharashtra. India*

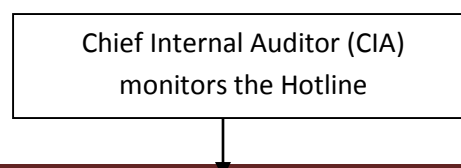
11. Opportunities for Requit

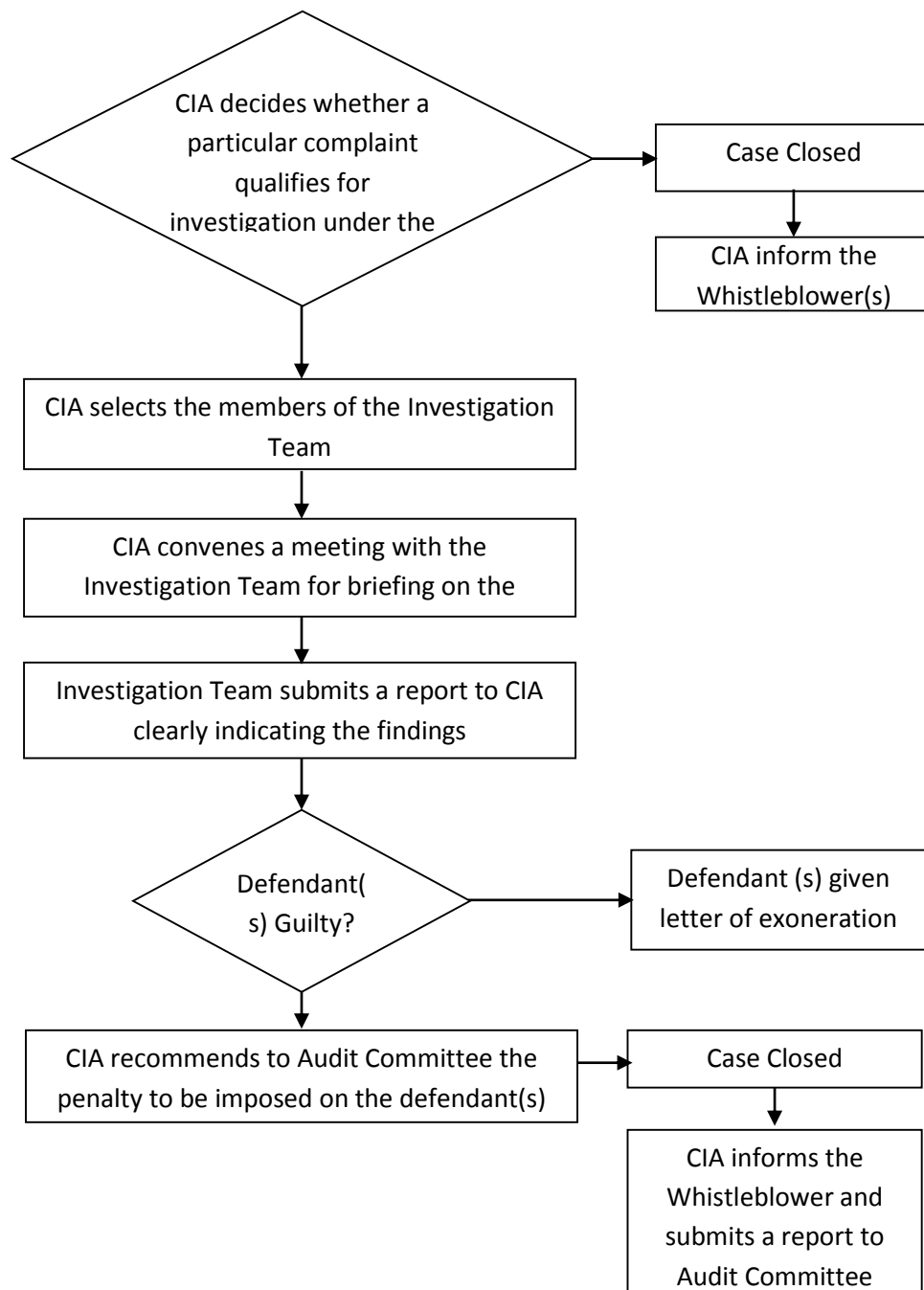
The Company may provide appropriate requitals in suitable cases to encourage creating an environment where wrongful acts are reported to the management whilst protecting the identity and interest of the Whistleblower at all times.

12. Amendments to the Policy

The Policy can be changed, modified or amended at any time by the Board of Directors of the Company.

Process Map





Annexure

1. Role of the Chief Internal Auditor:

- i. Monitor the Hotline Channels on a daily basis. Hotline Channels are channels from where complaints could be received by the CIA. These could be in the form of an e-mail, telephone call or letter.
- ii. The CIA is the final decision-making authority regarding the qualification of a complaint for investigation under this policy.
- iii. Guide the Whistleblower to the right forum if the case does not fall under the purview of the Whistleblower Policy but falls under the purview of some other grievance handling mechanism defined in the Essar Group.
- iv. Setting up an Investigation Team: For each qualified complaint reported under the Whistle Blowing Policy, the CIA would be responsible for setting up an appropriate Investigation Team. This will be dependent on the context and content of the complaint.
- v. Ensure confidentiality of the identities of the whistleblowers.
- vi. Monitor receipt of complaints for acts of Retaliation against Whistleblowers.
- vii. Provide Whistleblowers with periodic updates of the progress.
- viii. Decide the appropriate action and penalties in conjunction with the Audit Committee against a Whistleblower, who may have lodged a false/mala-fide complaint under this policy.
- ix. On the recommendations of the CIA, the Audit Committee to decide on penalty to be imposed on the defendant(s), when found guilty.

2. Investigation

The objectives of an investigation shall be the following:

- i. To collate information relating to the complaint as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment.
- ii. To draw objective and unbiased conclusions from the information collated.
- iii. To submit the final report of the investigation to the CIA.

Investigation Guidelines:

- 1) The Investigation Team shall ensure that they do not assume guilt on the part of the defendant(s) until proven otherwise.
- 2) The Investigation Team shall follow principles of natural justice; however it is not a court of inquiry and therefore does not have to strictly adhere to norms of legal evidences as required under the Evidence Laws/Acts of the country
- 3) The identity of the Defendant(s), the Whistleblower and the witnesses shall be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- 4) Fairness and courtesy in the treatment of witnesses and the defendant(s) shall be maintained throughout the investigation process.
- 5) ESTIL Associates shall be subject to disciplinary action, including the termination of employment, or termination of contract with ESSAR STEEL Ltd/ its subsidiaries if (s)he deliberately provides false information during an investigation.
- 6) Defendant(s) shall normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

- 7) Defendant(s) shall have a duty to co-operate with the Investigation Team to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- 8) Defendant(s) have a right to consult with person(s) of their choice within the organization.
- 9) Defendant(s) 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 Defendant(s).
- 10) Unless there are compelling reasons not to do so, Defendant(s) will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Defendant shall be considered as maintainable unless there is good evidence in support of the allegation.
- 11) Defendant(s) have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Defendant(s) should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Defendant(s).
- 12) Interviews of all ESTIL Associates shall be conducted in private.
- 13) The Investigation Team shall make contemporaneous notes of all discussions and phone calls, and all interviews with witnesses need to be voice-recorded.

The Investigation Team shall ensure that information gathered in an investigation is stored securely and confidentiality is maintained.

Investigation Report Guidelines:

The Investigation Report submitted to the CIA shall, without limitation, comprise of the following details:

- i. Brief description of the process followed for investigation and the sequence of investigation events.
- ii. Reports, documents, correspondences etc. referred to for investigation. Witnesses interrogated during investigation.
- iii. Highlights of each interrogation. List of evidences.
- iv. List of findings.
- v. Conclusions.