



CHOICE INTERNATIONAL LIMITED

VIGIL MECHANISM/ WHISTLE-BLOWER POLICY



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Vigil Mechanism / Whistle - Blower Policy

Choice International Limited (The "Company") believes in the conduct of the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct or violation of law in force.

I. PREFACE

- The Company has a code of conduct for the Board of Directors and Senior Executives of the Company.
- Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report to the management their genuine concerns, including instances of unethical behaviour, actual or suspected fraud or violation of the law and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.
- Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated for all Listed Companies to establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
- Accordingly, the Whistle Blower Policy ("the Policy") has been formulated and noted by the Board of Directors of the Company in its Board meeting held on **August 14, 2016** with a view to provide a mechanism for the Directors / Employees of the Company to approach the designated persons /Chairman of the Audit Committee of the Company to, inter alia, report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or policy without fear of punishment or unfair treatment.

II. PREAMBLE

This policy is formulated to provide an opportunity to employees and an avenue to raise concerns and to access in good faith the Audit Committee, to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication, in case they observe unethical and improper practices or any other wrongful conduct in the Company,

to provide necessary safeguards for protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

III. SCOPE

This policy is an extension of the Company's Code of Conduct. This policy applies to all Directors and Employees of the Company. The Whistle Blower's role is that of a reporting party with reliable information.

IV. MAIN FEATURES OF THE POLICY

The whistle blowing policy is intended to cover serious concerns that could have a large/material impact on the Company such as:

- (i) suspected action,
- (ii) incorrect financial reporting ,
- (iii) actions which are not in line with the Company's policy,
- (iv) unlawful actions,
- (v) fraud and
- (vi) any other actions which are not legal and will have an impact on the performance and image of the Company.

No adverse action shall be taken or recommended against an employee in retaliation to his disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This policy protects such employees from unfair termination and unfair prejudicial employment practices. However, this policy does not protect an employee from an adverse action which occurs independent of his disclosure of unethical and improper practice or alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.

V. DEFINITIONS

1. Adverse Personnel Action

An employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves and training or other privileges.

2. Alleged Wrongful Conduct

Alleged Wrongful Conduct shall mean violation of law, infringement of Company's Code of Conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

3. Audit Committee

Audit Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with provisions of section 177 of Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Company

Company means, “The Choice International Limited.”

5. Compliance Officer

Compliance Officer means, “Company Secretary” of the Company.

6. Good Faith

An employee shall be deemed to be communicating in ‘good faith’, if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

7. Managerial Personnel

Managerial Personnel shall include Director, all Executives at the level of Manager and above, who has authority to make or materially influence significant personnel decisions.

8. Policy or This Policy

Policy or This Policy means “Whistle Blower Policy.” “Choice Whistle Blower Policy”

9. Unethical and Improper Practices

Unethical and improper practices shall mean –

- a) An act which does not conform to approved standard of social and professional behaviour;
- b) An act which leads to unethical business practices;
- c) Improper or unethical conduct;
- d) Breach of etiquette or morally offensive behaviour,
- e) May lead to incorrect financial reporting;
- f) Are not in line with applicable company policy;
- g) Are unlawful etc

10. Whistle Blower / Complainant

An employee of the Company who discloses in good faith any unethical & improper practices or alleged wrongful conduct to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to the Audit Committee in writing. The Whistle Blower's role is as a reporting party, he/she is not an investigator. Although the Whistle Blower is not expected to prove the truth of an allegation, he needs to demonstrate to the Audit Committee, that there are sufficient grounds for concern.

VI. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or SEBI Act and/or any other SEBI Regulation(s) as amended from time to time.

VII. GUIDELINES

1. Internal Policy & Protection under Policy

This Policy is an internal policy on disclosure by employees of any unethical and improper practices or wrongful conduct and access to the Head of Department or in case it involves Senior Managerial Personnel access to the Managing Director and in exceptional cases access to Audit Committee of Directors constituted by the Board. This Policy prohibits the Company to take any adverse personnel action against its employees for disclosing in good faith any unethical & improper practices or alleged wrongful conduct to the Head of Department or to the Managing Director or to the Audit Committee. Any employee against whom any adverse Choice Whistle Blower Policy personnel action has been taken due to his disclosure of information under this policy may approach the Audit Committee.

2. Safeguards

Harassment or Victimization:

Harassment or victimization of the complainant will not be tolerated and could constitute sufficient grounds for dismissal of the concerned employee.

Confidentiality:

Confidentiality of whistle blower shall be maintained to the greatest extent possible. Every effort will be made to protect the whistle blower's identity, subject to legal constraints.

Anonymous Allegations:

Complainants must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed

anonymously shall not be usually investigated but subject to the seriousness of the issue raised the Audit Committee can initiate an investigation independently.

Malicious Allegations:

Malicious allegations by employees may result in disciplinary action.

3. False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further, this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

4. Disclosure

An employee who observes or notices any unethical & improper practices or alleged wrongful conduct in the Company may report the same to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to Audit Committee.

5. Accountabilities – Employees

- a. Bring to early attention of the company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern.
- b. Avoid anonymity when raising a concern.
- c. Co-operate with investigating authorities, maintaining full confidentiality.
- d. The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty complaints. Malicious allegations by employees may attract disciplinary action.
- e. A complainant has the right to protection from retaliation. But this does not extend to immunity for complicity in the matters that are the subject of the allegations and investigation.
- f. In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Ombudsperson, she/he can make a direct appeal to the Chairman of the Audit Committee.

6. Accountabilities – Head of Department/ Managing Director/ Audit Committee

- a. Conduct the enquiry in a fair, unbiased manner.
- b. Ensure complete fact-finding.
- c. Maintain strict confidentiality.
- d. Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom.

- e. Recommend an appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures.
- f. Minute Committee deliberations and document the final report.

VIII. PROCEDURES

The whistle blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical & improper practices or alleged wrongful conduct shall make a disclosure to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to the Audit Committee as soon as possible but not later than 45 consecutive calendar days after becoming aware of the same. The Departmental Head shall immediately forward Whistle Blower Report to the Managing Director of the Company. The Managing Director may inquire in respect of the Choice Whistle Blower Policy Report and after preliminary inquiry, if required, shall report the same to the Audit Committee.

Audit Committee shall appropriately and expeditiously investigate all whistle blower reports received. In this regard, Audit Committee, if the circumstances so suggest, may appoint a senior executive or a committee of managerial personnel to investigate into the matter and prescribe the scope and time limit therefore.

Audit Committee shall have right to outline detailed procedure for an investigation. Where the Audit Committee has designated a senior executive or a committee of managerial personnel for investigation, they shall mandatorily adhere to scope and procedure outlined by Audit Committee for investigation.

The Audit Committee or officer or committee of managerial personnel, as the case may be, shall have right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation under this policy.

A report shall be prepared after completion of investigation and the Audit Committee shall consider the same. After considering the report, the Audit Committee shall determine the cause of alleged Adverse Personnel action and may order for appropriate course of action, which may inter-alia, include:

- a. Order for an injunction to restrain continuous violation of this policy;
- b. Reinstatement of the employee to the same position or to an equivalent position;
- c. Order for compensation for lost wages, remuneration or any other benefits, etc.
- d. Disciplinary action, including dismissal, if applicable, as well as preventive measures for the future.

Subject to legal constraints, she/he will receive information about the outcome of any investigations. All discussions would be minuted and the final report prepared. The decision of Audit Committee shall be final and binding. If and when the Audit Committee is satisfied that

the alleged unethical & improper practice or wrongful conduct existed or is in existence, then the Audit Committee may –

- a. recommend to Board to reprimand, take disciplinary action, impose penalty / punishment order recovery when any alleged unethical & improper practice or wrongful conduct of any employee is proved.
- b. recommend termination or suspension of any contract or arrangement or transaction vitiated by such unethical & improper practice or wrongful conduct.

IX. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

X. SECRECY AND CONFIDENTIALITY

The complainant, Vigilance and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

- Maintain confidentiality of all matters under this Policy
- Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- Protected Disclosures and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

XI. NOTIFICATION

All departmental heads are required to notify & communicate the existence and contents of this policy to the employees of their department. Every departmental head shall submit a certificate duly signed by him to the Compliance Officer that this policy was notified to each employees of his department. The new employees shall be informed about the policy by the Personnel department and statement in this regard should be periodically submitted to the Compliance Officer. This policy as amended from time to time shall be made available at the website of the Company.

XII. RETENTION OF DOCUMENTS

All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of at least 7 (seven) years or such other period as specified by any other law in force, whichever is more.

XIII. COMMUNICATION

A whistle Blower policy cannot be effective unless it is properly communicated to employees. Employees shall be informed through by publishing on the website of the company.

XIV. POWER OF THE AUDIT COMMITTEE

The Audit Committee reserves the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

Whilst best efforts have been made to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance.

XV. ANNUAL AFFIRMATION

The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the Company.

By order of the Board of Directors
of **Choice International Limited**