

E.DIGITAL CORPORATION

WHISTLEBLOWER POLICY

Updated May 9, 2012

1. Purpose

This Whistleblower Policy is intended to encourage and enable staff to raise serious concerns within the organization rather than overlooking a problem or handling it externally. However, if you feel unable to raise an issue internally, you may send an email to whistleblower@edigital.com. All concerns will be directed to the Chair of the Audit Committee.

The Company is committed to the highest possible standard of openness, probity and accountability. In line with that commitment we encourage employees and others with serious concerns about any aspect of the Company to come forward and voice those concerns. The Company recognizes that certain cases will have to proceed on a confidential basis so that the position of the whistleblower will be protected.

This policy has been discussed with the relevant committees and the Board of Directors and has their support.

2. Scope

- a) This Policy Aims to
 - i. Provide avenues for staff to raise concerns and receive feedback on any action taken.
 - ii. Inform staff on how to take the matter further if they are dissatisfied with the response, and
 - iii. Reassure staff that they will be protected from reprisals or victimization for whistleblower in good faith.

- b) There do exist procedures in place to enable staff to lodge a grievance relating to their own employment (refer to employee handbook). This policy is intended to cover concerns that fall outside the scope of other procedures. That concern may be about something that:
 - i. is unlawful; or
 - ii. is against the orders of your superior or policies; or
 - iii. amount to improper conduct.

3. Safeguards

- a) Harassment of Victimization
 - i. The Company recognizes that the decision to report a concern can be a difficult one to make because of the fear of reprisal from those responsible for the malpractice.
 - ii. The Company is committed to good practices and high standards and will be supportive of employees.
 - iii. The Company will not tolerate any form of harassment or victimization and will take action to protect you when you raise a concern in good faith, and treat any retaliation as a serious disciplinary offence which will be dealt with through the Company's disciplinary and work review procedures (refer to employee manual).

- a) Confidentiality
 - i. The Company and/or the Audit Committee Chair will do its/his best to protect your identity when you raise a concern and do not want your name to be disclosed. A statement by you, attendance at a disciplinary hearing, interview by the Police, etc. may be requested as part of the investigation of, or action on your complaint.

- b) Anonymous Allegations
 - i. This policy encourages you to put your name to your allegation. A concern expressed anonymously is much less powerful and it is often difficult to amass sufficient verifiable evidence. It is perhaps more likely that malicious allegations will be made anonymously. You may be able to keep your identity confidential without being anonymous. However, anonymous allegations will be considered at the discretion of the Audit Committee Chair.
 - 1. In exercising the discretion, the factors to be taken into account would include:
 - a. The seriousness of the issues raised
 - b. The credibility of the concern
 - c. The likelihood of confirming the allegations from attributable sources.

- c) Untrue Allegations
 - i. If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. The Company will take all reasonable steps within its powers to ensure that the employee suffers no retaliation.
 - ii. If you make an allegation frivolously, maliciously or for personal gain, disciplinary action will be taken against you including immediate termination.

4. Raising a Concern

- a) For some minor issues, staff should normally raise concerns with their immediate manager or a company executive. In general, however, the whistleblower procedure is expected to be used for potentially more serious and sensitive issues (e.g. fraud, corruption) and the first step will be to approach the relevant officer (unless she/he or senior management is the subject of the complaint, in which case the Audit Committee Chair should be informed. Should the complaint be substantiated, the Audit Committee Chair will consult with the CEO in determining a course of action.)

- b) Concerns are better raised in writing. State the background and history of the concern, giving names, dates and places, and where possible, the reason why the individual is particularly concerned. Those who do not feel able to put their concern in writing can telephone or meet with the appropriate officer.

- c) The earlier the concern is expressed, the easier it is to take action.

- d) Although you are not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for concern.

- e) Advice and guidance on how matters of concern may be pursued can be obtained from the CEO, CFO, or any audit committee member.

5. Handling of the Complaint

- a) The action taken by the Officer and/or Audit Committee Chair will depend on the nature of the concern. The matter raised may:
 - i. Be investigated internally.
 - ii. Be referred to the external auditors.
 - iii. Be referred to the public authorities.
- b) In order to protect individuals and the Company, initial inquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of other, existing, procedures (refer to employee manual) will normally be referred for consideration under those guidelines.
- c) Some concerns may be resolved by agreed action without the need for an investigation.
- d) Within ten working days of a concern being received, the officer will write to the complainant:
 - i. Acknowledging that the concern has been received;
 - ii. indicating how he proposes to deal with the matter;
 - iii. giving an estimate of how long it will take to provide a final response;
 - iv. informing you whether any initial inquiries have been made; and
 - v. informing you whether further investigations will take place, and if not, why.
- e) The amount of contact between the officer considering the issues and the complainant will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the individual.
- f) When any meeting is arranged, staff have the right, if they so wish, to be accompanied by a professional associate, human resource personnel and or a friend who is not involved in the area of work to which the concern is related.
- g) The Officer will take steps to minimize any difficulties, which the employee may experience as a result of raising a concern. For instance, if an employee is required to give evidence in criminal or disciplinary proceedings, the Officer will advise them about the procedure.
- h) The Officer accepts that employees need to be assured that the concern has been properly addressed. Thus, subject to legal constraints, the employee will receive information about the outcome of any investigation raised by their concerns.

6. Alternative Methods of Taking Forward a Complaint

- a) This policy is intended to provide staff with an avenue to raise concerns with the Company and its employees. If an employee feels it is right to take the matter outside this process, the following are possible contact points:
 - i. The External Auditor or Audit Committee.
 - ii. The Outside Council.
 - iii. The Board of Directors
- b) If an employee takes matters to outside Council, they need to ensure that they do not disclose confidential information or that disclosure would be privileged.

7. Responsible Officer

- a) The Chairman of the Audit Committee has overall responsibility for the maintenance and operation of this policy. That Officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger confidentiality) and will report as necessary to the Board of Directors.

8. Law

- a) This policy is incorporated into the Employment Rights Act of 1996, which already protects employees who take action over, or raise concerns about health and safety at the workplace.