

## **WHISTLE BLOWER AND VIGIL MECHANISM POLICY**

### **PREAMBLE**

Shriram Housing Finance Limited (hereinafter referred to as the “Company” or “SHFL”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Shriram Housing Finance Principles of Conduct and Action. Any actual or potential violation of these Principles and the Group’s Code of Conduct for Employees would be a matter of serious concern for the Group. Employees have a role and responsibility in pointing out such violations.

This Whistle Blower Policy is formulated as part of the Vigil Mechanism established by the Company for Directors and Employees to report genuine concerns, to provide a secure environment and to encourage employees of Shriram to report unethical, unlawful or improper practices, acts or activities in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees who report such practices in good faith.

### **APPLICABILITY**

This policy is framed in compliance with the provisions of Section 177 (9) and (10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and applies to all permanent employees, consultants, outsourced employees, customers and vendors of Shriram Housing Finance Limited including the Directors of the Company. The Audit and Risk Management Committee of the Board of Directors of the Company shall review/ oversee the functioning of the Whistle Blower Policy / Vigil Mechanism.

### **POLICY**

Every employee of SHFL is expected to promptly report to the Whistle blower and Vigil Mechanism Committee any actual or possible violation of SHFL’s Principles of Conduct and Action, The Code of Conduct for Employees or any other unlawful or unethical or improper practice or act or activity that he/she may come across while he/she is employed in the Company. The unlawful or unethical or improper practice or act or activity (hereinafter referred to as an “alleged wrongful conduct”) may include, but is not limited to, any of the following:

- A willful violation of any law / statute applicable to the Company
- Misuse or misappropriation of the Company’s assets
- Gross waste of or misuse or misappropriation of the Company’s funds
- A substantial or specific danger to health and safety of an employee caused by a willful act/ Negligence
- An abuse of one’s authority/ position in the Company

- Disclosing confidential and proprietary information of the Company to outside parties.
- Disclosing to other persons securities activities engaged in or contemplated by the company
- Accepting or seeking anything of material value from customers, contractors, vendors, or persons providing services/materials to the Company. Exception: Gifts less than `1000/- in value.
- Breach of terms and conditions of employment and rules thereof
- Any other event which could affect the interest of business No Director, Manager, Key Management Personnel, Senior Management Personnel, Department Head, or any other employee with authority to make or materially influence significant personnel decisions shall take or recommend an adverse personnel action against an employee in retaliation for a disclosure of information, made in good faith, about an alleged wrongful conduct.

## **DEFINITIONS**

**“This Policy” or “Policies”** refers to the “Whistle Blower and Vigil Mechanism Policy” of Shriram Housing Finance Limited

**“Whistle Blower”** (WB) includes all permanent employees, consultants, outsourced employees, customers and vendors making a Disclosure / Compliant under this Policy

**“Company”** refers to Shriram Housing Finance Limited

**“Protected disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence fraud, unethical activity, improper activity, vitimisation.

**“Adverse Personnel Action”** means an employment related act or decision (relating to, but not limited to, compensation, promotion, job allocation, job profile, leave or other privileges) or a failure to take appropriate action by a manager, which may affect the employee negatively.

**“Audit and Risk Management Committee”** means the Audit and Risk Management Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013.

**“Whistle blower and Vigil mechanism Committee”** means the Committee constituted under this policy tasked to assess independently the concerns raised by the whistleblower.

## **Good Faith**

An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of the alleged wrongful conduct. Good faith shall be deemed lacking when the employee does not have personal knowledge of or factual basis for the communication or where the employee knew or reasonably should have known that the communication about the alleged wrongful conduct.

## **SCOPE**

The Whistle Blower's role is to report to the Whistle blower and Vigil mechanism Committee ("Committee") with reliable information about a Protected Disclosure. The followings are few examples ,which shall not be considered as Whistleblower disclosures but will be treated as Human Resource (HR) related matter to be addressed by HR Department or concerned supervisor/manager:

- dissatisfaction on performance ratings and bonus received,
- physical/verbal assault/exploitation by colleagues,
- sexual harassment

He/ She is not required or expected to act as investigator(s) or finder(s) of facts, or determine the appropriate corrective/ remedial action. Whistle Blower has no right to participate in any investigative activity unless requested by the Committee or the Investigator(s).

## **PROCEDURES FOR MAKING A COMPLIANT**

Any employee who observes or has knowledge of an alleged wrongful conduct shall make a compliant to any of the members of the Whistle blower and Vigil mechanism Committee as soon as possible but not later than 30 consecutive calendar days after becoming aware of the same.

The Complaints can be made through any one of the following mode:

- a) A written complaint can be sent to the following address Whistle blower and Vigil mechanism Committee, Shriram Housing Finance Limited, Level 1, Wockhardt Towers, East Wing, Bandra Kurla Complex, Mumbai – 400051, Phone - (022) 42410400, Fax - (022) 42410422.
- b) An email complaint can be send to the mail ID whistleblower@shriramhousing.com to the Committee with your identity or anonymously.

- c) In case the Whistle Blower has a reason to believe that the members of the Whistle blower and Vigil mechanism Committee is individually or jointly involved in suspected violation or that the compliant pertains to material violation of laws or fraud that could pose a threat of financial loss to the Company or serious penalties imposed on the officers of the Company or any possible action by regulators that may lead to debarring/blacklisting of the Company, the Whistle Blower shall have right to directly access Chairman of the Audit and Risk Management Committee in exceptional cases by writing to him at the address mentioned above.
- d) The Committee to which the compliant has been made shall appropriately and expeditiously investigate all Whistle Blower reports / disclosures / complaints received. In this regard, the Company's Whistle blower and Vigil mechanism Committee, if the circumstances so suggest, may appoint a senior officer or a committee of managerial personnel to investigate into the matter.
- e) The Committee shall have the right to outline a detailed procedure for an investigation.
- f) The Committee shall enforce corrective action, if any required promptly
- g) The Committee shall on a quarterly basis, bring to the attention of the Audit and Risk Management Committee, all information that is provided by a Whistle Blower and action taken to redress the compliant under this policy.

## **INVESTIGATION**

Investigation will be launched only after a preliminary review which establishes that:

The alleged act constitutes an improper or unethical activity or conduct, and the allegation is supported by sufficient information about the matter to be investigated.

All Protected Disclosures reported under this Policy will be thoroughly investigated by the Committee. The Committee may investigate by itself or may appoint any investigator(s) either from the Company or from outside for the purpose of investigation with or without any remuneration.

The decision to conduct an investigation taken by the Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

Subject(s) will be informed of the allegation(s), commencement of the investigation, the name and contact details of the investigator and the time line for submission by the subject and any other matter the Committee or the investigator(s) may decide. The Subject(s) will be provided with opportunities for his/her inputs to the investigator(s) during the investigation within the time given by the investigator(s) or the Committee.

Subject(s) shall have a duty to co-operate with the Committee and the investigator(s) for all matters relating to the matter of investigation during investigation. Such co-operation sought does not merely require them to admit guilt.

Subject has a right to consult/engage any person(s) of his/her choice at his/her own cost to represent him/her in the investigation proceedings other than the investigator(s), member(s) of the Committee, the Whistle Blower.

Subject has a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed, tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subject.

The investigator(s) shall submit its report to the Committee at the end of the investigation or may submit interim report .The Committee on receipt of the report of the investigator shall require the Subject(s) to respond to all the findings of the investigator. Unless there are compelling reasons not to do so, Subject will be given the opportunity to respond to all findings contained in an investigation report. No allegation of wrongdoing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.

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 Subject and the Company.

The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## **PROTECTION**

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company as a policy condemns any kind of discrimination, harassment, victimization or any other unfair employment practice against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his/her duties/functions including making further Protected Disclosure.

The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give

evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blower is cautioned that his/her identity may become known for reasons outside the control of the Committee (e.g. during investigations carried out by investigators).

Any other Employee/Director assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

## **DECISION**

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

## **DISQUALIFICATION**

- a) The Whistle blower and Vigil mechanism Committee shall ensure that necessary safeguards are provided to the Whistle Blower.
- b) While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- c) Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a malafide intention.
- d) Whistle Blowers, who make any Disclosures, which have been subsequently found to be malafide or malicious or Whistle Blowers who make three or more Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Disclosures under this Policy. Such acts would squarely be considered as an improper activity which the Designated Committee members have the right to act upon.

## **REPORTING**

The Committee shall submit a report to the Audit and Risk Management Committee on a regular basis about all Protected Disclosures referred, outstanding matters, name of the investigator(s),

fees payable, findings, results of investigation, disciplinary or corrective actions directed in such form or format the Audit and Risk management committee may decide.

## **RETENTION OF RECORDS**

All documents relating to such ‘complaint’s made through the procedures outlined above shall be retained for at least seven years from the date of the ‘Complaint’, after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry, or investigation, in which case the information will be retained for the duration of that litigation, inquiry, or investigation and therefore as necessary.

## **COMMENCEMENT OF THIS POLICY AND COMMUNICATION**

This Policy of the company comes into effect with the approval of Board of directors or Audit and Risk Management Committee of the Company from July 22, 2015 and shall remain in force till decided to change or discard. The policy shall be communicated by HR department to the employees of the Company by different methods like displaying it on the notice board, email, explaining it in the induction programme, publishing it in house magazine etc,. The Policy or any amendment or addendum thereof shall be binding on the employees on notification of the same to the employees.

## **AMENDMENT**

This policy shall be amended by the Board of directors or Audit and Risk Management Committee of the Company in whole or in part, at any time without assigning any reason whatsoever. All amendments to the policy shall come into effect from the respective date mentioned for each amendment or from the date of approval by the Board of directors/Audit and Risk Management Committee. This Policy and the amendments/addendum thereof shall form part of the employment and personnel policies of the Company.