

Whistle Blower and Vigil Mechanism Policy

1. 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. The Company has adopted a Code of Conduct for Directors and Senior Management Personnel (“Code”), which lays down the principles and standards that should govern the actions of the Directors and Senior Management Personnel. The Company has formulated personnel policies that govern the actions of its employees. Any actual or potential violation of these policies and Code of Conduct would be a matter of serious concern. Employees have a role and responsibility in pointing out such violations. The Whistle Blower and Vigil Mechanism 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 Housing Finance Limited 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.

2. 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 Regulation 4 (2) (d) (iv) and 22 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applies to all Directors, permanent employees, consultants and outsourced employees of Shriram Housing Finance Limited. Accordingly, this Whistle Blower and Vigil Mechanism Policy ("Policy") is formulated with a view to provide a mechanism for directors and employees of the Company to approach the Whistleblower Committee of the Company or directly to Chairman of the Audit and Risk Management Committee in exceptional cases for the matters listed out in this Policy.

3. Objectives

The Whistle Blower and Vigil Mechanism Policy aims to provide a channel to the Directors and employees to report genuine concerns and grievances about victimization, unethical behaviour, actual or suspected fraud, violation of the Codes of Conduct or policy. This Policy provides for adequate safeguards against victimization of Directors and employees and also provides direct access to the Chairman of the Audit and Risk Management Committee of the Company.

4. Definitions

“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.

“Actions Constituting Fraud” means defalcation, misappropriation, and other fiscal irregularities, whether actual or potential referred to below, but are not limited to:

- Any dishonest or fraudulent act;
- A willful violation of any law / statute applicable to the Company;
- Misuse or misappropriation of funds, securities, supplies, assets or any other item of the Company;
- 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 person’s 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 Rs.1,000/- in value;
- Destruction, removal, inappropriate use of records, assets, information, any other item of the Company;
- Breach of terms and conditions of employment and rules thereof;
- Breach of the Company’s Code of Conduct;
- Breach of Business Integrity and Ethics; and
- Any other event which could affect the interest of business.

“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.

“Company” means Shriram Housing Finance Limited.

“Investigators” mean those persons authorized, appointed, consulted or approached by Whistleblower and Vigil mechanism Committee and include the auditors of the Company and the police.

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

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

“Subject” means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

“Whistle Blower” (WB) includes all permanent employees, consultants, outsourced employees, customers and vendors making a protected disclosure under this Policy.

“Whistle blower and Vigil mechanism Committee” means the Committee constituted under this policy

tasked to assess independently the concerns raised by the whistleblower. The members of the Committee as approved by the Board from time to time.

“Whistleblower Custodian” means the designated individual managing the office of the Whistleblower and Vigil mechanism Committee.

5. 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.

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.

6. 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; and
- 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).

7. Eligibility

All directors and employees of the Company are eligible to make protected disclosures under the Policy in relation to matters concerning the Company.

8. Whistle blower and Vigil Mechanism Committee (the “Committee”)

- a. The Committee will report to the Audit & Risk Management Committee on a quarterly basis of all the “Protected Disclosure” received, status of each and action taken, if any.
- b. The Committee shall be constituted / reconstituted as decided by the Board or Audit & Risk Management Committee from time to time and the Committee shall be reconstituted by the Audit & Risk Management Committee as and when it desires to do so.
- c. The Committee shall receive all Protected Disclosures and keep records of each such disclosure.
- d. The Committee will provide sufficient and fair opportunity including personal hearing as may be required to the aggrieved person to prove/justify his stand and shall record it with all fairness.
- e. The Committee shall ensure the conduct of investigation process in fair and transparent manner.

9. Procedures for Making a Compliant

A protected disclosure can be made 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 through any one of the following modes:

- a. A written complaint can be sent to the following address Whistle Blower and Vigil Mechanism Committee, Shriram Housing Finance Limited, Level 3, Wockhardt Towers, East Wing, Bandra Kurla Complex, Mumbai – 400051, Phone - (022) 4241 0400, Fax - (022) 4241 0422.
- 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.

Protected disclosures should preferably be reported in English, Hindi or in the regional language of the place of employment of the Whistle Blower. The Protected Disclosure in writing should be submitted under a covering letter in a closed and secured envelope or sent through email to the respective addresses. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

The Whistle Blower must disclose his/her identity in the Protected Disclosure. Anonymous disclosures will be entertained only if sufficient details are available, if decided by the Whistleblower Committee for acceptance.

10. 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.

11. 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.

12. Investigators

Investigator(s) are required to conduct a process towards fact-finding and analysis. Investigator(s) shall derive authority, access rights and scope of investigation from the Committee and shall act within that. The Committee, while referring the matter to the investigator(s) or appointing investigator(s) shall specify

authority, access right, scope of investigation and the subject matter of investigation.

Technical and other resources may be drawn upon as necessary to augment the investigation. The Investigator(s) shall act independently with fairness, objectivity, thoroughness, ethical behavior, with legal and professional standards.

13. 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.

14. Disqualification

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.

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.

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. In respect of such Whistle Blowers, the Company/Whistleblower Committee may take/recommend appropriate disciplinary action.

15. 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.

16. Retention of Records

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years or such other period as specified

by any other law in force, whichever is more, 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.

17. Communication

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.

18. 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.