



## **SBFC FINANCE LIMITED**

### **VIGIL MECHANISM AND WHISTLEBLOWER POLICY**

#### **I. INTRODUCTION**

The principle of becoming a good citizen, by developing a culture of trust, transparency, and fair business conduct through integrity and accountability are an indispensable part of the operating philosophy of SBFC Finance Limited (the “**Company**”). The Company at all times endeavors to ensure strict compliance with and implementation of ethical and legal standards across the Company.

Sections 177(9) and (10) of the Companies Act, 2013, as amended (the “**Companies Act**”) and Regulation 22(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI LODR Regulations**”) requires a listed entity to establish a vigil mechanism for directors and employees to report genuine concerns. It has also been prescribed that the vigil mechanism should also provide for adequate safeguards against victimization of such directors or employees or any other person who use such mechanism and should have provisions for direct access to the Chairperson of the audit committee of the board of directors, in appropriate or exceptional cases.

Further, Regulation 4 (2)(d)(iv) of the SEBI LODR Regulations, inter alia, requires a listed entity to devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

Accordingly, the Company has formulated this Vigil Mechanism and Whistleblower Policy (the “**Policy**”) so as to enable all directors and employees to raise their concerns against any malpractice such as immoral, unethical conduct, fraud, corruption, incorrect or misrepresentation of any financial statements and reports, etc., potential infractions of the codes of conduct and policies of the Company, infringement of intellectual property(ies) rights of the Company (whether registered in name of the Company or not), in any manner or form and alike (collectively, the “**Unethical and Improper Practices**”).

#### **II. OBJECTIVE**

The objectives of this Policy are:

1. To adhere to the highest standards of ethical, moral and legal conduct of business operations;
2. To create a window for the Stakeholders (*as defined hereinafter*) who observe any Unethical and Improper Practices to be able to raise and report them either organisationally or individually;
3. To encourage the Stakeholders who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment;
4. To ensure consistent and timely institutional response;
5. To ensure appropriate reporting of whistleblower investigations;
6. To encourage ethical and lawful conduct; and
7. To provide necessary safeguards for protection of Stakeholders from reprisals, backlash or victimisation, for whistle blowing in good faith.

### III. DEFINITIONS

1. **“Audit Committee”** means the Audit Committee constituted by the Board in accordance with Section 177 of the Companies Act, 2013 and other applicable provisions, which has responsibility for supervising the development and implementation of this Policy;
2. **“Board”** means the Board of Directors of the Company;
3. **“Complaint”** means the reporting of any Unethical and Improper Practice or Violation to the Ethics and Compliance Committee (*as defined below*) by a Whistleblower (*as defined hereinafter*) made in good faith;
4. **“Disciplinary Action”** means any action that can be taken on the completion of/ during the investigation proceedings, including but not limited to, a warning, imposition of fine, suspension from official duties, or any such action as deemed fit considering the gravity of the matter;
5. **“Ethics and Compliance Committee”** means the Ethics and Compliance Committee constituted by the Audit Committee to process and investigate Protected Disclosures (*as defined hereinafter*);
6. **“Good Faith”** means the reasonable basis on which a Whistleblower communicates/ reports an Unethical and Improper Practice or any other alleged wrongful conduct. Further, Good Faith shall be deemed lacking when the Whistleblower does not have personal knowledge on a factual basis for communication/ reporting the Unethical and Improper Practice, or where the Whistleblower knew or reasonably should have known that communicating/ reporting the Unethical and Improper Practice or alleged wrongful conduct is malicious, false or frivolous;
7. **“Investigation Team”** means those persons appointed by the Ethics and Compliance Committee, required for assistance in the investigation of the Protected Disclosure, and who submit their findings to the Ethics and Compliance Committee;
8. **“Protected Disclosure”** means the information concerning the Reportable Matter. To the extent possible, the following information should be provided:
  - i. the nature of the Reportable Matter (for example, if the Reportable Matter concerns an alleged violation of a code of conduct or a policy, please refer to the provision of the relevant policy or code of conduct that is alleged to have been violated);
  - ii. the names of the employee(s) against whom the Reportable Matter on (for example, please provide the name of the business unit that is alleged to have violated);
  - iii. the relevant factual background concerning the Reportable Matter (for example, if the Reportable Matter concerns a violation of a code of conduct or a policy, please include information about the circumstances and timing of the violation); and
  - iv. the basis for the Reportable Matter (for example, where knowledge of the alleged violation is based upon documents in the Whistleblower’s possession or control, please provide a copy of the pertinent documents).
9. **“Reportable Matter”** includes:
  - i. General malpractice/ Unethical and Improper Practice/ events, which have taken place/ reasonable apprehension involving:
    - a. Abuse of authority;
    - b. Breach of contract;
    - c. Negligence causing substantial and specific danger to public health and safety;

- d. Manipulation of data/ records of the Company;
  - e. Financial irregularities, including fraud or suspected fraud or deficiencies in internal control and check, or deliberate error in preparations of financial statements, or misrepresentation of financial reports;
  - f. Any unlawful act whether criminal/ civil;
  - g. Pilferage of confidential/ propriety information;
  - h. Deliberate violation of any law/ regulation;
  - i. Bribery or corruption;
  - j. Harassment;
  - k. Retaliation;
  - l. Breach of IT security and data privacy;
  - m. Social media misuse;
  - n. Wastage/ misappropriation of funds/assets of the Company;
  - o. Taking kickbacks/ seeking bribes, forgery, misuse of the Company's resources, etc;
  - p. Breach of the Company's policies or failure to implement or comply with any existing policies of the Company.
  - ii. Infringement of intellectual property (ies) rights of the Company (whether registered in name of the Company or not) in any manner or form;
  - iii. Disclosure of confidential data/ information to competitors/ outsiders or other third parties.
10. **"Stakeholder"** includes:
- i. All Employees of the Company and its subsidiary. For the purpose of this definition, the term **"Employee"** means any person on the rolls, including those on deputation, contract, temporary, probation, apprenticeship, trainee, part-time employees/ workers, full-time consultants, or holding permanent, honorary, ad hoc, voluntary or short-term positions.
  - ii. For the limited purpose of this Policy:
    - a) Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other locations;
    - b) Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company;
    - c) Customers of the Company;
    - d) Any other person having an association with the Company..
11. **"Whistleblower"** means any Stakeholder who raises a concern about any Unethical and Improper Practice, event or information about an actual, suspected or anticipated Reportable Matter in Good Faith. The Whistleblower is not expected to prove the truth of the allegation, but he/ she needs to demonstrate sufficient grounds for concern;
12. **"Whistle Committee"** means Senior Management Committee comprising of three Senior Level Officials, viz., Head Internal Audit (H-IA), Chief Risk Officer (CRO), Chief Operations Officer (COO) constituted / nominated as 'Competent Authority' to receive, review whistle-blower complaints and assign the investigation to 'Whistle Officer' or an appropriate "Authority"

ensuring that the identity of the whistle blower is not disclosed.

13. **“Whistle Officer”** means an officer appointed by the Ethics and Compliance Committee and he/ she shall be responsible for receiving the Complaints under this Policy and ensuring appropriate action.

#### **IV. SCOPE**

This Policy outlines the reporting procedure and investigation mechanism to be followed in case any Stakeholder blows the whistle for any Unethical and Improper Practice in the Company. This Policy defines and lays down the process for lodging a ‘Complaint’, the safeguards in place for the Whistleblower, the roles and responsibilities of all Stakeholders, and also sets the timelines for all the processes to be followed.

In all instances, the Company retains the prerogative to determine when the circumstances warrant an investigation and the appropriate investigative process to be employed, in conformity with this Policy and the applicable laws and regulations. Stakeholders are given protection in two important areas, namely, (a) confidentiality; and (b) against retaliation/ victimisation.

#### **V. GUIDING PRINCIPLES**

**To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:**

1. Ensure that the Whistleblower lodging the Complaint and/ or the person processing the Protected Disclosure is not victimised for doing so;
2. Treat victimisation as a serious matter, including initiating disciplinary action on person/(s) indulging in victimisation;
3. Ensure complete confidentiality;
4. Take appropriate measures to avoid any evidence of the Protected Disclosure being concealed;
5. Take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/ to be made; and
6. Provide an opportunity of being heard to the persons involved especially to the subject.

**This Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.**

#### **VI. PROTECTION TO WHISTLEBLOWER**

##### **1. Protection**

The Whistleblower, raising a concern relating to Unethical and Improper Practices under this Policy, will not be at risk of suffering any form of retaliation. Retaliation includes discrimination, reprisal (punishment), harassment or vengeance in any manner. The Whistleblower will not be at the risk of losing her/ his job or suffer loss in any other manner like transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower’s right to continue to perform his/ her duties/ functions including making further Protected Disclosure regarding Unethical and Improper Practices, as a result of reporting under this Policy. The protection under this clause is available only when:

- i. The communication/ disclosure is made in Good Faith;
- ii. He/ she reasonably believes that information and any allegations contained in it, are substantially true; and
- iii. He/ she is not acting for personal gain.

Anyone who abuses the procedure (for example by maliciously raising a concern knowing it to be untrue) will be subject to disciplinary action, as will anyone who victimises a colleague

by raising a concern through this procedure. If considered appropriate or necessary, suitable legal actions may also be taken against such individuals.

However, no action will be taken against a Whistleblower who makes an allegation in Good Faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

## **2. Zero Tolerance to Harassment or Victimisation**

The Company will not tolerate the harassment or victimization of a Whistleblower. As a matter of general deterrence, the Company shall publicly inform Employees of the penalty imposed and disciplinary action that will be taken against any person for misconduct arising from retaliation.

Any investigation into allegations of potential misconduct will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning an Employee reporting a matter under this Policy.

Whistleblowers who believe that they have been retaliated may file a Complaint with the Whistle Officer. A proven Complaint of retaliation shall result in a proper remedy for the person harmed and severe disciplinary action, including termination of employment, shall be taken against the retaliating person. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

Any Stakeholder assisting an investigation shall also be protected to the same extent as the Whistleblower.

## **VII. ROLE OF THE AUDIT COMMITTEE**

The Audit Committee is responsible for supervising the implementation of this Policy, including the work of the Ethics and Compliance Committee. The Audit Committee shall periodically review the Policy to consider whether amendments are necessary, and, if so, it shall communicate any such amendments to all Employees as soon as possible.

The Audit Committee shall receive reports, from the Ethics and Compliance Committee concerning the investigation and resolution of Protected Disclosures made pursuant to the Policy, on a quarterly basis as per the guidelines given by the Audit Committee.

## **VIII. CONFIDENTIALITY OF THE IDENTITY OF THE WHISTLEBLOWER**

Protection to Whistleblower is provided in two important areas – confidentiality and against retaliation. In so far as possible, the confidentiality over the identity of the Whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the applicable law and to provide accused individuals their legal rights of defence.

## **IX. DISQUALIFICATIONS**

A Reportable Matter should not be confused with a grievance related to employment/ superior-subordinate relationship/ relationship with peers. Similarly, complaints associated with unsatisfactory probation reports, performance evaluations, favouritism and nepotism, and alike would not be covered under this Policy. Such cases shall be referred to the Human Resources Department of the Company and redress sought through other mechanisms established within the system. As regards vendors, reportable matter should not be confused with grievance related to delays/ non-payment, dissatisfaction with terms and conditions of contracts, etc.

## **X. ACCOUNTABILITY**

### **1. Whistleblowers:**

- a. Bring to early attention of the Company any Unethical and Improper Practices that they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern and must act in Good Faith. Delay in reporting may lead to loss of evidence and financial loss for the Company.

- b. Avoid anonymity when raising a concern.
- c. Follow the procedures prescribed in this Policy for making a disclosure relating to Unethical and Improper Practices.
- d. Cooperate with the Investigation Team, maintaining full confidentiality.
- e. The intent of the Policy is to bring genuine and serious issues to the fore and it is not intended for petty issues. Malicious allegations by Stakeholders may attract disciplinary action in case of Employees, and/or such other legal action in case of other Stakeholders, as is determined by the Ethics and Compliance Committee, as the case may be.
- f. A Whistleblower has the right to protection from retaliation. However, the Investigation Team will have the right to conduct enquiry against the Whistleblower as well to ascertain the true and correct facts of the matter under investigation.
- g. Maintain confidentiality of the subject matter and the identity of the persons involved in the alleged malpractice as it may forewarn the subject and important evidence is likely to be destroyed.

2. **Investigation Team:**

The Investigation Team may consist of internal and/ or external members as the Ethics and Compliance Committee deems fit depending upon the gravity of the matter; and shall:

- a. Conduct the enquiry in a fair and unbiased manner.
- b. Ensure complete fact-finding.
- c. Maintain strict confidentiality.
- d. Decide on the outcome of the investigation, whether an Unethical and Improper Practice has been committed and if so by whom.
- e. Recommend an appropriate course of action/ disciplinary action, including dismissal, and preventive measures.
- f. Record their deliberations and document the final report.
- g. Provide information and documents collected regarding a Complaint to the Ethics and Compliance Committee.

## **XI. REPORTING MECHANISM**

1. Stakeholders should shall lodge a Complaint through an email to the Whistle Officer on [whistleblower@sbfc.com](mailto:whistleblower@sbfc.com) or by sending a letter in a sealed envelope marked "Whistleblower – Private and Confidential" to the Whistle Officer.

Address for sending the envelope:

**Whistle Officer**

Mr. Shanesh Jain, Head - Internal Auditor

2. Further, the Stakeholders have the right to send the Protected Disclosures directly to the Chairman of the Audit Committee by sending a letter in a sealed envelope marked "Whistleblower – Private and Confidential" to the Chairman of the Audit Committee for appropriate action at Company's registered office to the attention of Company Secretary.
3. In order to enable the Company to effectively evaluate and investigate the Complaint, the Whistleblower must provide all the critical information and a detailed description of the Complaint as including the details mentioned in **Annexure A**.

## **XII. INVESTIGATION**

1. Any Protected Disclosure/ Complaint received by the Whistle Officer would be reported by the Whistle Officer to the Ethics and Compliance Committee for further action.
2. The Ethics and Compliance Committee would decide whether the Complaint qualifies for further investigation under this Policy.
3. If the Ethics and Compliance Committee decides that the Complaint qualifies for investigation under this Policy, an initial enquiry would be conducted.
4. Pursuant to the completion of the initial enquiry, if the Ethics and Compliance Committee forms a *prima facie* view that the matter merits a detailed investigation, the Investigation Team will conduct further investigation in the manner set out in clause X(2) of this Policy.
5. The Investigation Team shall investigate the matter confidentially in order to avoid discrimination against the Whistleblower.
6. If the initial enquiry indicates that, the Complaint has no basis, or if the matter is not to be pursued under this Policy, it may be dismissed at this stage and the decision would be documented.
7. Persons against whom a Complaint is made will be informed of the allegations at the outset of a formal investigation and will be provided an opportunity to be heard during the investigation.
8. Investigation may involve study of documents and interviews, access to systems, and other information required for the purpose of the Investigation. Full co-operation must be provided to the Investigation Team.
9. The Investigation Team should submit the report not later than thirty (30) working days from date of confirmation of further investigation to the Ethics and Compliance Committee clearly indicating their findings. The Compliance and Ethics Committee can, in writing, allow additional time for submission of the report based on the circumstances of the case.
10. The decision taken by the Ethics and Compliance Committee or the Audit Committee (as the case may be) shall be final and binding.
11. The Complainant or the accused, as the case may be, who is not satisfied with the decision of the Ethics and Compliance Committee, shall have the right to file an appeal with the Managing Director within a period of thirty (30) days from the date of communication of the decision by the Ethics and Compliance Committee.
12. All information disclosed during the course of the investigation will remain confidential, except as necessary or appropriate to conduct the investigation and take any remedial action, in accordance with the applicable laws and regulations. The Company reserves the right to refer any concerns or complaints regarding Reportable Matters to appropriate external regulatory authorities.
13. The Whistleblower will be kept informed of the progress and the final outcome of the investigation, within the constraints of maintaining confidentiality.
14. The role of a Whistleblower is limited to making a Protected Disclosure. A Whistleblower should neither engage in investigations concerning a Reportable Matter nor involve in determining the appropriate corrective action that might follow from the submission of a Protected Disclosure.

**Note: It is the discretion of the Whistleblower to conclude whether or not the issue shall be raised anonymously. For the matter to be appropriately investigated, the Whistleblower may choose to disclose his/ her identity along with the details of the Complaint. While anonymous Complaints will also be suitably and sincerely looked into, it will provide more leverage and will be pertinent to investigate the Complaint sufficiently if the Whistleblower chooses to disclose his/ her identity. The identity of the Whistleblower shall be kept confidential to the extent possible.**

## **XIII. DOCUMENTATION**

The Whistle Officer appointed by the Company shall maintain documentation of all Complaints or reports, subject to this Policy. The documentation shall include any written submissions provided by the Whistleblower, any other Company documents identified in the Complaint or by the Company as relevant to the Complaint, a summary of the date and manner in which the Complaint was received by the Company, and any response by the Company to the Whistleblower.

All such documentation shall be retained by the Company for a minimum period of five (5) years from the date of receipt of the Complaint or as required by law, whichever is higher.

#### **XIV. ETHICS AND COMPLIANCE COMMITTEE**

The Ethics and Compliance Committee shall be responsible for processing and investigating the Protected Disclosures. The Ethics and Compliance Committee shall operate under the supervision of the Audit Committee and has the right to periodically call for necessary reports from the Whistle Officer or any other person in relation to this Policy.

#### **XV. REVISION OF POLICY**

The Board reserves the right to amend this Policy at any time and in any manner upon the recommendation of the Audit Committee. Any amendment to this Policy shall take effect from the date when the Board approves it. 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. Further, rules and procedures may also be established from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

#### **XVI. VIOLATION**

The Company expects total compliance of this Policy. Employees who violate this Policy or are found guilty based on the investigation carried out by the Investigation Team are subject to disciplinary/ corrective action, which may include any of the following:

- (a) Formal apology;
- (b) Counselling;
- (c) Written warning and a copy of it maintained in that Employee's file;
- (d) Change of work assignment/ transfer with or without monetary impact;
- (e) Suspension or termination of services of the Employee found guilty;
- (f) In case the violation by the Stakeholder amounts to a specific offence under the law, the Company shall initiate appropriate action in accordance with the law by making a complaint with the appropriate authority.

#### **XVII. CONFLICT OF INTEREST**

- Where a Protected Disclosure concerns any member of the Ethics and Compliance Committee or any member of the Audit Committee, including the Chairman of the Audit Committee, that member shall be prevented from acting in relation to that Protected Disclosure. In case of doubt, the Chairman of the Board shall be responsible for determining whether the member must recuse himself or herself from acting in relation to a Protected Disclosure. If any member of the Audit Committee or the Whistle Blower Committee or the whistle blower officer has a conflict of interest in any given case, then he/she shall be recused and the other members of the Audit Committee or the Whistle Blower Committee will deal with the matter on hand.

#### **XVIII. AMENDMENT**

In case of any subsequent changes in the provisions of any applicable laws and regulations (the



**“Regulations”**) which make any of these clauses/ provisions in this Policy inconsistent with the Regulations, the provisions of the Regulations shall prevail.

## **ANNEXURE A**

### **DESCRIPTION OF THE COMPLAINT**

Any Complaint made under this Policy shall capture the following:

1. Name, address and contact details of the Whistleblower (including the code number, if the Whistleblower is an Employee).
2. Name of the person against whom complaint is raised.
3. The incident in detail (i.e., brief description of the Reportable Matter, giving the names of those alleged to have committed or about to commit any Reportable Matter).
4. Time and place of occurrence.
5. Any other detail that the Whistleblower wishes to provide.