

CAPITAL FIRST LIMITED

<u>WHISTLE BLOWER POLICY & VIGIL MECHANISM</u>		
Manual of Human Resource Policies, Procedures & Practices		Reference Code:
Version : 2		This replaces earlier : Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Policy/procedure : New <input type="checkbox"/> : Amend <input checked="" type="checkbox"/>
Created on: December 2012		Effective Month : August Year : 2014
Issued By : Head – Human Resources		

1. OBJECTIVE:

The company seeks to maintain a culture of integrity, transparency and trust by encouraging Directors, employees or any other person dealing with the Company to whistle blow when they have genuine concerns. This reduces the risk of financial and reputational loss caused by misconduct, if any. The purpose of this Policy is to provide a framework to Directors and employees to promote responsible and secure whistle blowing

2. REGULATORY BACKGROUND:

As per the provisions of Section 177 of Indian Companies Act, 2013 every listed company or such class or classes of companies, as may be prescribed shall establish a vigil mechanism for the directors and employees to report their genuine concerns in such manner as may be prescribed. Further it provides that such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Further SEBI vide its Circular dated April 17, 2014 mandated every listed company to establish a whistle blower mechanism with effect from October 1, 2014.

Accordingly, this Whistle Blower Policy (“the Policy”) has been amended with a view to incorporate the additional requirements prescribed by the Companies Act, 2013 and Revised Clause 49 of Listing Agreement.

DEFINITIONS

(i) **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 read with Section 177 of Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges as amended from time to time.

(ii) **Ethical Behaviour:** Being in accordance with the accepted principles of right and wrong that govern the conduct of a profession including but not restricted to financial impropriety and accounting malpractices.

(iii) **Investigation Team:** This team will consist of members nominated by the Whistleblower Committee to conduct the actual investigation of the concerns raised by the Whistleblower. The size of the Investigation team will be decided by the Whistleblower Committee. A minimum of 2 members would be required to investigate the matter. If the investigation is against a lady the investigation team must have at least one lady member. Investigating team cannot have members from departments against whom or any of its members the investigation is being conducted, unless specifically call upon by the Whistleblower Committee. In case the complaint pertains to sexual harassment with respect to Women, then the Whistleblower Committee will refer the same to Internal Complaints Committee of the Company formed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(iv) **Professional behaviour:** Exhibiting a courteous, conscientious and generally businesslike manner at the workplace that strives to maintain a positive regard to others while avoiding excessive display of deep feeling.

(v) **Reportable Matters :** means accounting allegations/ complaints and/or any other Company matters involving abuse of authority, breach of Company’s Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, misappropriation of Company funds/assets and any other unethical conduct.

(vi) **Whistleblower:** A Director or Employee reporting concerns about unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct.

(vii) **Whistleblower Committee:** The Whistleblower Committee consists of a team of senior Capital First personnel namely Head HR, Head RCU & Vigilance and any 2 of 4 members of the Executive Committee namely CEO Retail, Head Wholesale, Chief Risk Officer and Chief Financial Officer & Head Corporate Centre, who are tasked to assess independently the concerns raised by the whistleblower. If the case is against a member of HR or RCU teams, Head HR or Head RCU & Vigilance must recuse themselves from the committee managing that specific case. Each committee so formed will appoint a Chairperson, whose responsibility it will be to ensure the smooth conduct of meetings of the committee and to arbitrate on matters of dispute in the committee. The office of the Whistleblower Committee will be managed by the Whistleblower Custodian.

(viii) **Whistleblower Custodian:** Whistleblower custodian will be nominated by HR Head, from time to time.

3. APPROACH:

- (i) Whistleblower can report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct, under this policy.
- (ii) Whistleblower must first communicate concerns under "1", above, through their own line management unless there is a good reason not to do so. This policy recognizes there are circumstances where staff/whistleblower may consider escalation through line management not to be appropriate.
- (iii) Whistleblower must be provided with access to a confidential and secure means to report genuine concerns or grievances they feel unable to raise through their own line management.
- (iv) The Whistleblower may also be provided a specific email id where he/she may raise his/her concerns by sending a detailed mail on the issue at hand, else the Whistleblower may also be provided a staff hotline number where the Whistleblower may call up and speak to HR and report the matter.
- (v) Any member of staff receiving a Whistleblower disclosure must notify Head HR, who will then deal with the case in a manner consistent with the Whistleblower Policy.
- (vi) All Whistleblower disclosures must be reviewed and, where appropriate, independently investigated.

- (vii) Every effort must be made to maintain the confidentiality of the member of the whistleblower making a disclosure (although this cannot be assured under such circumstances necessary for the investigation). Whistleblower disclosures and details of any associated work must only be passed to those who 'need to know'. The submission of malicious or deliberately misleading disclosures, adjudicated so by the Whistleblower Committee, will be considered to be a disciplinary matter and a breach of the Code of Conduct and will be subject to disciplinary action as may be appropriate.
- (viii) The act of Whistleblower does not provide immunity from disciplinary actions in case of involvement of the Whistleblower in the improper conduct .
- (ix) It is not the policy of the company to offer any reward or benefit for raising a Whistleblower disclosure.

4. RESPONSIBILITY:

The Head RCU & Vigilance is responsible for oversight of the policy and its implementation, while HR will be responsible for recording and tracking of cases received through the staff / Whistleblower channels.

A Whistleblower Committee will be responsible for ensuring a fair investigation through an Investigation team (nominated by Whistleblower Committee) when required.

5. ASSURANCE CHECK:

HR will maintain a record of cases received under Whistle Blower Policy and provide a summary of the Whistleblower cases to the Audit Committee on a periodic basis through a Whistleblower Custodian (nominated by HR)

6. GUIDING PRINCIPLES

All employees of Capital First are required to familiarize themselves with the Code of Conduct and abide by these principles. The Guiding Principles of the Code of Conduct are listed below.

- Provide a safe, healthy, tolerant and disciplined work environment that respects individuals and is free from discrimination.
- Create an environment that attracts, develops, and rewards highly effective people and be recognized as one of the best companies to work for.

- Follow proper accounting and financial reporting procedures, as well as all generally accepted accounting principles & standards, auditing & internal control issues, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.
- Comply with all the applicable rules and regulations of the law of the land and with all applicable policies and procedures of Capital First as well as those required by our clients.
- Always maintain a professional relationship with the clients, vendors, service providers and other stakeholders.
- Base business decisions and vendor selections on business merit and value, not on personal, family influence or any other considerations.
- Protect confidential and proprietary information.
- Properly and efficiently use company funds and property.

Please refer Capital First [Code of Ethics and Business Conduct](#) for the standards of ethical behaviour and personal conduct.

7. PROCEDURE FOR REPORTING ALLEGATIONS OF UNETHICAL ACTIVITIES

- (a) Whistleblower can report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct;
- (b) Whistleblower must first communicate concerns under "a", above, through their own line management unless there is a good reason not to do so.
- (c) Letters can be submitted by hand-delivery, courier or by post addressed to the Whistle Blower Committee appointed by the Company.
- (d) Emails can be sent to the email id whistleblowing@capfirst.com.
- (e) A written complaint can also be dropped into the Whistleblower drop box at your location. However, if you do not have a box at your location, you are requested to send an email on aforesaid email ID.
- (f) A complaint can be left at the Whistleblower Hotline number which is provided on the Intranet of the Company.
- (g) In exceptional cases a complaint can be sent to the Chairman of Audit Committee to the email ID ChairmanAuditCommittee@capfirst.com.

Reports of allegations of suspected unethical activities are encouraged to be made in writing so as to assure a clear understanding of the issues. Such reports should be factual rather than speculative and must contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures.

To the extent possible, the complaint or disclosure must include the following:

- a. The employee involved;
- b. The sector of the Company where it happened (division, office);
- c. When did it happen: a date or a period of time;
- d. Type of concern (what happened);
 - i) Financial reporting;
 - ii) Legal matter;
 - iii) Management action; and/or
 - iv) Employee misconduct;
- e. Submit proof or identify where proof can be found, if possible;
- f. Who to contact for more information, if possible; and/or
- g. Prior efforts to address the problem, if any.

8. INVESTIGATING ALLEGED UNETHICAL ACTIVITY

The following investigation process will be adhered to by Capital First in case the report is filed with the Whistleblower Committee or any other Capital First employee.

- (i) The Whistle Blower Committee may either direct the complaint to the appropriate senior person best placed to address it, provided in the assessment of the Committee there is no conflict of interest (while maintaining oversight authority for the investigation), or lead the investigation by setting up a Investigation Committee.
- (ii) Investigation Committee will file a report of the findings to the Whistleblower Custodian along with any supporting evidence.
- (iii) The Investigation Committee will take all reasonable efforts to ensure that the investigation process is completed within three calendar weeks from the day of the receipt of complaint. If not, it shall justify the need for extension to the Whistleblower Committee.
- (iv) The Whistleblower Committee will make a decision based on the findings reported by the Investigation committee. Investigating team may be called upon by the Whistleblower Committee to present all facts of the case.

- (v) If any Complaints/allegation is against any member of the Whistle Blower Committee then that member should abstain himself from such investigation and other members of the Committee should keep the same confidential and shall not share any information with him.
- (vi) In case of complaint involving material financial matters the Whistleblower Committee may refer such matter directly before the Audit Committee.
- (vii) If the Whistleblower Committee decides that the complaint is not valid, wherever possible, Whistleblower Custodian will communicate the rationale for the decision to the complainant. The reason for not providing rationale to the complainant, if any, must be recorded by the Whistleblower Committee in the report.

9. DOCUMENTATION AND REPORTING

- (i) All complaints received must be recorded and tracked to closure by the Whistleblower Custodian.
- (ii) All reports along with the supporting documentation and evidences will be filed by the investigation team and submitted to the Whistleblower Custodian.
- (iii) All documentation pertaining to the complaint including but not restricted to the investigation report, corrective action taken and evidence will be maintained by the Whistleblower Custodian for a period of 3 years.
- (iv) All complaints received will be kept confidential and will be shared only on a 'Need to Know' basis.

10. ROLES AND RESPONSIBILITY

INVESTIGATION PARTICIPANT

- (i) All employees who are interviewed, asked to provide information or otherwise participate in an investigation have a duty to fully cooperate with the investigators.
- (ii) Participants should refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no case should the participant discuss with the investigation subject the nature of evidence requested or provided or testimony given to investigators unless agreed to by the investigators.

- (iii) Requests for confidentiality by participants will be honoured to the extent possible within the legitimate needs of law and the investigation.

INVESTIGATION SUBJECT

- (i) A subject is a person or a group of persons who is the focus of investigative fact finding either by virtue of an allegation made or evidence gathered during the course of an investigation. The decision to conduct an investigation is not an accusation; it is to be treated as a neutral fact finding process.
- (ii) Subjects have a responsibility not to interfere with the investigation and to adhere to admonitions from investigators in this regard. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached or intimidated.
- (iii) Unless there are compelling reasons to the contrary, subjects should be given the opportunity to respond to material points of evidence contained in an investigation report.

WHISTLEBLOWER COMMITTEE

- (i) The Whistleblower Committee will be responsible for upholding the principles of Capital First Code of Ethics and Business Conduct.
- (ii) The Whistleblower Committee will determine whether the concern or complaint actually pertains to a compliance/integrity related violation.
- (iii) The Whistleblower Committee will review the findings of the Investigation Committee and will initiate appropriate corrective action.
- (iv) The Whistleblower Committee will be responsible for ensuring that the investigation process is fair and transparent.
- (v) The Whistleblower Committee must ensure investigations are completed expeditiously and action is prescribed within 3 weeks of receipt of complaint. Need for extension must be recorded.
- (vi) The Whistleblower Committee will provide sufficient and fair opportunity to all the persons involved for investigation to prove/defend/ justify his/her stand and case, including personal hearing as may be required, and shall ensure complete fairness in the process of investigation.

- (vii) The Committee to evaluate penalties to individuals and ascertain losses, if any, and recommend steps to be taken to recover losses arising out of such incidents. The Committee will also evaluate process course corrections as required.
- (viii) Where an allegation is proven, the matter will be dealt within terms of the Company's disciplinary procedures. Penalties must be commensurate with the "proven wrong" and consistent with precedents set.

11. Audit Committee

The Audit Committee shall oversee the Vigil Mechanism.

12. Whistleblower Protection

Capital First will make appropriate efforts to protect Whistleblowers against retaliation, as described below.

Capital First will keep the whistleblower's identity confidential, unless

- (a) The person agrees to be identified;
- (b) Identification is necessary to allow Capital First or law enforcement officials to investigate or respond effectively to the report;
- (c) Identification is required by law

The Company may modify this Policy unilaterally at any time without notice. Modification may be necessary among other reasons, to maintain compliance with local, state, central regulations and/or organizational changes within the Company. The same will be notified on website of the Company from time to time.
