

# **CHARTERED FINANCE & LEASING LIMITED**

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

# CHARTERED FINANCE & LEASING LIMITED

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

### POLICY VERSION CONTROL:

VERSION NO.	APPROVED BY BOARD ON	REMARKS
1.0	27-Mar-2021	Policy adopted by the Board
2.0	07-Apr-2022	Policy amended to cover applicable RBI guidelines

## 1. PREFACE

Chartered Finance & Leasing Limited (hereinafter referred as “CFL”), hereby established a vigil mechanism for directors and employees to report their genuine concerns as per the provisions of Section 177 of the Companies Act, 2013, and applicable RBI guidelines.

The Board of Directors has devised an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

CFL has adopted a Code of Conduct (“the Code”) for directors and senior management, which lays down the principles and standards that should govern the action of the Company and its employees.

In view of the above, CFL, being an NBFC, has established a Vigil Mechanism and formulated a Whistle Blower Policy.

## 2. DEFINITIONS

“**Audit Committee**” means a Committee constituted by the Board of Directors of the Company in accordance with applicable regulations of RBI and the Companies Act, 2013.

“**Board**” means the Board of Directors of the Company.

“**Company**” means Chartered Finance & Leasing Limited.

“**Employee**” means all the present employees and Directors of the Company (Whether working in India or elsewhere).

“**Protected Disclosure**” means any communication in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

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

“**Vigilance Officer/ Company Secretary / Compliance Officer**” shall mean the Company Secretary or the Compliance Officer, who has been designated as the vigilance officer to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

“**Whistle Blower**” is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

## 3. OBJECTIVE OF THE POLICY

The purpose and objective of this Policy is to provide a framework to promote responsible and secure whistle blowing. It protects the employees wishing to raise a concern about serious irregularities within the Company.

To maintain the standards and objectives mentioned above, the Company encourages its directors and employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

This policy, however, neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

#### **4. SCOPE OF THE POLICY**

This Policy covers malpractices and events which have taken place, suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, any instances of leak of unpublished price sensitive information and / or other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers. This Policy is intended to encourage and enable employees to raise serious concerns within the Company prior to seeking resolution outside the Company.

#### **5. REPORTING OF PROTECTED DISCLOSURES**

All employees of the Company are eligible to make protected disclosures under the policy in relation to matters concerning the Company. The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing. This Policy ensures that employees are empowered to pro-actively bring to light such instances without fear of reprisal, discrimination, or adverse employment consequences.

This Policy is not, however, intended to question financial or business decisions taken by the Company that are not Protected Disclosures nor should it be used as a means to reconsider any matters which have already been addressed pursuant to disciplinary or other internal procedures of the Company. This policy shall not be used:

- i. For raising grievances related to employees' own career / other personal grievances.
- ii. For raising grievances related to career of other employees / colleagues.
- iii. Grievances arising out of the policies / procedures of the Company and any decision taken by the superior / management in this respect.
- iv. Grievances related to such other similar issues like (i), (ii) and (iii) hereinabove.

All Protected Disclosures should be reported in writing by the Whistle Blower as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised.

To make more effective and controlled mechanism, employees can lodge a Protected Disclosure to the Chairman of Audit Committee in any one of the following ways:

- I. By sending an email to **narendrasar@gmail.com** with the subject "Protected Disclosure under the Whistle Blower Policy".

- II. By sending letter in a closed and secured envelope and superscribed as “Protected Disclosure under the Whistle Blower Policy” to the Chairman of the Audit Committee, 1404 A Wing Naman Mid-Town Near Senapati Bapat Marg, Elphinstone West, Delisle Road, Mumbai – 400 013, Maharashtra, India. Letter should either be typed or written in a legible handwriting in English or Hindi or Marathi.

However, employees can lodge a Protected Disclosure anonymously without disclosing their identity. A protected disclosure received anonymously will be evaluated by the Company for investigation. In exercising this discretion, the following factors will be taken into consideration:

- I. The seriousness of the issue raised;
- II. The creditability of the concern; and
- III. The likelihood of confirming the allegations from attributable sources.

In respect of all Protected Disclosures, after review by the Chairman of the Audit Committee, those concerning the Vigilance Officer and employees at all levels shall also be forwarded to the Chairman of the Audit Committee of the Company, as per the following details.

Chairman of the Audit Committee

1404 A Wing Naman Mid-Town Near Senapati Bapat Marg, Elphinstone West, Delisle Road, Mumbai – 400 013, Maharashtra, India

In case a Protected Disclosure is received directly by the Chairman of Audit Committee, the same shall be reviewed by the Chairman of Audit Committee.

In order to protect identity of the complainant, the Chairman of Audit Committee will not issue any acknowledgement to the complainants, and they are advised not to write their name / address on the envelope nor enter into any further correspondence with the Chairman of the Audit Committee. The Chairman of Audit Committee shall assure that in case any further clarification is required, they will get in touch with the complainant.

While this Policy is intended to protect genuine Whistle Blowers from any unfair treatment as a result of their disclosure, misuse of this protection by making frivolous and bogus complaints with mala fide intentions is strictly prohibited. An employee who makes complaints with *mala fide* intentions and which is subsequently found to be false, will be subject to strict disciplinary action.

The Whistle blower’s role is that of a reporting party. Whistle blowers are not investigators or finders of facts; neither can they determine the appropriate corrective or remedial action that may be warranted.

Although a Whistle blower is not required to furnish any more information than what he/she wishes to disclose, it is essential for the Company to have all critical information in order to enable the Company to effectively evaluate and investigate the complaint. It is difficult for the Company to proceed with an investigation on a complaint, which does not contain all the critical information such as the specific charge. The complaint or disclosure must therefore provide as much detail and be as specific as possible in order to facilitate the investigation as well as to allow proper assessment of the nature and extent of the concern and the urgency in conducting preliminary investigation, as required.

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

1. The employee, and/or outside party or parties involved;

2. The sector of the Company where it happened (Location, Department, office);
3. When did it happen: a date or a period or time;
4. Type of concern (what happened);
  - a) Financial reporting;
  - b) Legal matter;
  - c) Management action;
  - d) Employee misconduct; and/or
  - e) Health & safety and environmental issues.
5. Submit proof or identify where proof can be found, if possible;
6. Who to contact for more information, if possible; and/or
7. Prior efforts to address the problem, if any.

## **6. RECEIPT, INVESTIGATION AND DISPOSAL OF PROTECTED DISCLOSURES**

On receipt of the Protected Disclosure, the Chairman of the Audit Committee shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. He shall also carry out initial investigation either himself or by involving any other Officer of the Company before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action. The record will include:

- a. Brief facts;
- b. Whether the same Protected Disclosure was raised previously by anyone on the subject, and if so, the outcome thereof;
- c. Details of actions taken by the Company Secretary & Compliance Officer / the Chairman of the Audit Committee processing the complaint
- d. Findings and recommendations.

The Audit Committee, if it deems fit, may call for further information or particulars from the complainant.

### **Investigation**

The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact-finding process. Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation. He shall have a duty to co-operate with the Chairman of the Audit Committee or any of the Officers appointed by him in this regard and shall be subject to strict disciplinary action upto and including immediate dismissal, if they fail to co-operate in an investigation, or deliberately provide false information during an investigation.

Subject(s) has/have a right to consult a person or persons of his/their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. He has a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by him.

Unless there are compelling reasons not to do so, he will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrongdoing against him shall be considered as maintainable unless there is good evidence in support of the allegation. He has a right to be informed of the outcome of the investigations. If allegations are not sustained, he should be consulted as to whether public disclosure of the investigation results would be in the best interest of him and the Company.

The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Chairman of the Audit Committee deems fit.

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 any applicable laws and regulations. The Company reserves the right to refer any concerns or complaints regarding Protected Disclosure to appropriate external regulatory authorities.

## **Disposal**

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action commensurate with the severity of the offence, as it may deem fit. The Chairman of the Audit Committee shall forward a copy of his report/findings to the Board. The Company may also take reasonable and necessary measures to prevent any further violations which may have resulted in a complaint being made. It is clarified that 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.

The Chairman shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him since the last report together with the results of investigations, if any.

A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Chairman of the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

## **7. PROTECTION**

No Personnel who, in good faith, makes a disclosure or lodges a complaint in accordance with this Policy shall suffer reprisal, discrimination or adverse employment consequences.

Accordingly, the Company prohibits discrimination, retaliation or harassment of any kind against a Whistle blower, who based on his/her reasonable belief that one or more Protected Disclosure has occurred or are, occurring, reports that information. Any employee, who retaliates against a Whistle blower who has raised a Protected Disclosure or Complaint in good faith, will be subject to strict disciplinary action upto and including immediate termination of employment or termination of his/her relationship with the Company.

If any employee, who makes a disclosure in good faith, believes that he/she is being subjected to discrimination, retaliation or harassment for having made a report under this Policy, he/she must immediately report those facts to his/her supervisor, manager or point of contact. If, for any reason, he/she do not feel comfortable discussing the matter with these persons, he/she should bring the matter to the attention of the Chairman of the Audit Committee in exceptional cases. It is imperative that such employee brings the matter to the Company's attention promptly so that any concern of reprisal, discrimination or adverse employment consequences can be investigated and addressed promptly and appropriately.

The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

## **8. RETENTION OF DOCUMENTS**

The Company Secretary & Compliance Officer shall maintain documentation of all Protected Disclosures or reports subject to this Policy. The documentation shall include any written submissions provided by the complainant, any other Company documents identified in the complaint or by the Company Secretary & Compliance Officer / the Chairman of the Audit Committee as relevant to the complaint, a summary of the date and manner in which the complaint was received and any response to the complainant. All such documentation shall be retained by the Vigilance and Ethics Officer for a minimum of five (5) years or such other period as specified by any other law in force, whichever is more, from the date of receipt of the complaint. Confidentiality will be maintained to the extent reasonably practicable depending on the requirements and nature of the investigation, as indicated above.

## **9. AMENDMENT TO THIS POLICY**

The Board of Directors of the Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. Modification may be necessary, among other reasons, to maintain compliance with local, state, central and federal regulations and/or accommodate organizational changes within the Company. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

\*\*\*\*\*