

PHL Fininvest Private Limited

Policy: Whistle Blower Policy or Vigil Mechanism

Approving Authority: Board of Directors

Approval Date: 27th October, 2020

Review Cycle: Upon regulatory change

Vigil Mechanism/ Whistle Blower Policy

A. Introduction

1. Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires every listed company or companies which accept deposits from the public or companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees to establish a vigil mechanism for the directors and employees to report genuine concerns.
2. In compliance with these regulatory requirements, the Company has established a vigil (whistle blower) mechanism and has formulated this Whistle Blower Policy (“Policy”) in order to provide a framework for responsible and secure whistle blowing / vigil mechanism.
3. This policy will help the Company to maintain and encourage high moral standards, financial integrity, transparency including, creating awareness amongst employees to report instances of leak of unpublished price sensitive information and good governance in its business dealings. This policy is guided by the Company’s philosophy of Knowledge, Action and Care and will be implemented across the Company as a whole.

B. Definitions

1. "Audit and Risk Committee" means the Audit and Risk Committee of the Company constituted by its Board of Directors.
2. "Employee" means every employee of the Company.
3. “Company” means PHL Fininvest Private Limited.
4. “Director” means a member of the Board of Directors of the Company.
5. "Protected Disclosure" means a communication made under this Policy in good faith that:
 - a) discloses information which evidences; or
 - b) expresses genuine and verifiable concerns or grievances relating to;any unethical behaviour, actual or suspected fraud, violation of the Company’s Code of Conduct, or any malpractice, illegal or improper activity or conduct, in or relating to the Company.
6. “Good faith” – An Employee or Director shall be deemed to be communicating in “good faith” if there is a reasonable basis for Protected Disclosure. Good faith shall be deemed lacking when the Employee or Director does not have personal knowledge on a factual basis for the Protected Disclosure or when the Employee or Director knew or reasonably should have known that the Protected Disclosure is malicious, false or frivolous.

7. “Independent Firm of Chartered Accountants” (IFCA) means a firm of Chartered Accountant appointed by the Company for undertaking investigation of Protected Disclosure made under this policy. As at the date of this Policy, the IFCA are:

M/s Aneja Associates, Chartered Accountants,
301, Peninsula Tower, Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400013, India
Proprietor : Mr. N. Aneja

8. "Subject" means a person against or in respect of whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
9. “Malicious Complaints” means complaints which are mala fide, frivolous, baseless, false or malicious or where the same is reported otherwise than in Good Faith.
10. "Whistle Blower" means a person making a Protected Disclosure under this Policy.

C. Objectives

1. The policy aims to provide a channel to all Employees and Directors to report genuine concerns about unethical behaviour, any instances of leak of unpublished price sensitive information, actual or suspected fraud or violation of the Code of Conduct or Policy.
2. As stated earlier, the Company is committed to maintain and encourage high moral standards, financial integrity, transparency and good governance in all its business dealings. In order to maintain these standards the Company encourages its Employees and Directors who have genuine concerns about suspected misconduct to be fearless and come forward and express these concerns without fear of punishment for such disclosure or unfair treatment.
3. The Company recognizes that some breaches can be extremely sensitive and may deter employees from open communication. This Policy also acts as a supplementary channel to normal management hierarchy for all employees irrespective of their position to raise concerns.
4. The mechanism provides for safeguards against victimization of whistle blowers who avail of this mechanism and also provides for direct access to the IFCA appointed by the Company.

However, this does not release the employees from their duty of confidentiality in their course of work nor can it be used as a route for any Malicious Complaints.

D. Coverage of Policy

The policy covers all malpractices and all unethical, illegal or improper activities which have taken place / suspected to have taken place, including but not limited to the following:

1. Abuse of authority
2. Negligence causing substantial and specific danger to public health and safety
3. Financial irregularities including fraud or suspected fraud

4. Criminal offence
5. Pilferation of confidential / proprietary information
6. Misappropriation of company funds / property
7. Breach of Code of Conduct
8. Sexual Harassment*
9. any instances of leak of unpublished price sensitive information
10. Any other unethical or immoral or illegal events

*For complaints relating to sexual harassment, employees may use either this policy or the sexual harassment policy of the Company or both.

In case of actual or suspected fraud, the Fraud Risk Management policy shall be applicable. But if the whistle blower wants to report under the Protected Disclosure, they can do so through this Whistle Blower policy.

E. Role of Whistle Blowers

1. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case. Whistle Blowers provide initial information related to a reasonable belief that an improper or unethical practice has occurred.
2. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the IFCA.
3. Protected Disclosure will be appropriately dealt with by the IFCA.

F. Eligibility

1. All Employees and Directors are eligible to make Protected Disclosures under the Policy. The Protected Disclosures shall be in relation to matters concerning the Company or its Employees.
2. Without prejudice to this general rule, the IFCA or the Audit and Risk Committee of the Board shall be entitled, but not obliged, to consider any communication as a Protected Disclosure even if such communication is received from a person other than an Employee or a Director PROVIDED THAT where such communication is so considered, such person shall be treated as a Whistle Blower under this Policy and shall abide by the terms of this Policy.

G. Disqualifications

1. 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 by making Malicious Complaints will warrant strict disciplinary action.
2. In case of Whistle Blowers, who make three or more Protected Disclosures, which have been subsequently found to be Malicious Complaints, any subsequent Protected

Disclosure made by them will not be considered under this Policy, unless the Audit and Risk Committee in its discretion, decides otherwise. Further, such Whistle Blowers shall be subject to disciplinary action under this Policy for each Malicious Complaint.

H. Procedure

1. All Protected Disclosures should be addressed to the IFCA and the Protected Disclosures may be submitted by email to Phlfin@anejaassociates.com which is a dedicated email id accessible only by the Internal Auditors (**‘Designated Email ID’**), who will advise the Managing Director of the Company.

Without prejudice to this general rule, a Whistle Blower may, in exceptional or appropriate cases and for reasons to be recorded in writing, choose to address his or her Protected Disclosure to the Managing Director of the Company instead of the IFCA. The Managing Director of the Company will report any Protected Disclosure to the Chairman of the Audit and Risk Committee.

The Directors of the Company are entitled to address their Protected Disclosure to the Chairman of the Audit and Risk Committee or directly to the Audit and Risk Committee, instead of the IFCA.

2. Protected Disclosures shall be reported in writing so as to ensure a clear understanding of the issues raised apart from being the evidence of the complaint and should either be typed or written in a legible handwriting in English or Hindi.
3. The Protected Disclosure should be submitted under a covering letter signed by the Whistle Blower in a closed and secured envelope and should be superscribed as “Protected Disclosure under the Whistle Blower Policy” or sent through email to the designated Email ID, with the subject “Protected Disclosure under the whistle blower policy”.
4. 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. Evidence supporting the Protected Disclosure would facilitate quicker processing.
5. The Whistle Blower must disclose his/his full identity in the covering letter forwarding such Protected Disclosure. A copy of the communication need not be marked to anyone in the Company.
6. Anonymous disclosures shall also be considered. For this purpose, the anonymous complaints should include adequate details which are both specific and verifiable in order to facilitate the investigative process. Further contact details such as email id/phone number should also be provided for seeking additional information / clarification related to investigation process. In absence of these details, it may be difficult to investigate these anonymous complaints.

I. Investigation

1. All Protected Disclosures reported under this Policy will be recorded and thoroughly investigated by the IFCA
2. IFCA, if it deems fit, may call for further information or particulars from the whistle blower
3. The decision to conduct an investigation is 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.
4. The identity of the Subject and the Whistle Blower shall be kept confidential to the extent possible given the legitimate needs of law and the investigation.
5. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
6. Subjects shall have a duty to co-operate with the IFCA during investigation.
7. Subjects shall not interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the subjects.
8. Unless there are compelling reasons not to do so, subjects will be given an opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a subject shall be considered as maintainable unless there is good evidence in support of the allegation.
9. Subjects shall be informed of the outcome of the investigation.
10. The investigations shall ordinarily be completed within 90 days of the receipt of the Protected Disclosure.

J. Procedure for Maintenance 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 period of 8 years or such other period as specified by the applicable law in force, whichever is more.

K. Protection of Whistle Blowers

1. 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 being adopted. Complete protection will be given to the Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, demotion, transfer, 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 duties / functions including making further Protected Disclosure. The Company will take all reasonable steps to minimize difficulties which the Whistle Blower may experience.

2. The Company shall keep confidential the identity of the Whistle Blower, so as to encourage the Whistle Blower to provide inputs without any hesitance for the present as well as future.
3. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

L. Investigators

1. Investigations will be launched only after a preliminary review by the IFCA which establishes that:
 - a) The alleged act constitutes a malpractice or an illegal, improper or unethical activity or conduct, and;
 - b) The allegation is supported by information specific enough to be investigated;
 - c) In cases where the allegation is not supported by enough information, the IFCA shall exercise discretion to conduct the investigation. In this regard, the IFCA shall have free and unfettered access to the Managing Director of the Company and the Chairman of the Audit Committee who shall provide such guidance and assistance as the IFCA may require to facilitate a fair and independent investigation;
2. All investigators shall be unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
3. In case of actual or suspected fraud, the investigators should follow the Fraud Risk Management policy to ensure that there is no regulatory breach.

M. Reporting

The IFCA, after completing its investigation, shall submit a confidential report to the Managing Director of the Company and to the Chairman of the Audit and Risk Committee. All such reports of the IFCA shall be placed before the Audit and Risk Committee by its Chairman, for its review and recommendations.

N. Decision

1. If the investigation leads to the conclusion that a malpractice or an illegal, improper or unethical act has been committed, and based on the review and recommendations of the Audit and Risk Committee, the Chairman of the Audit and Risk Committee shall recommend to the management of the Company to take such disciplinary or corrective action as it deems fit. The management shall periodically report to the Audit and Risk Committee the status of implementation of its recommendations until the implementation is completed.
2. If the Whistle Blower makes a protected disclosure bona fide and in good faith, which is not confirmed by the investigation, no action shall be taken against the Whistle Blower.

3. Any Whistle Blower who makes a Malicious Complaint of the Subjects shall be subject to such disciplinary action as the Audit and Risk Committee may approve.

O. General

1. This Policy shall be subject to applicable law and regulatory requirements.
2. The Company reserves its right to amend or modify this Policy in whole or in part, at any time to comply with applicable regulatory requirements or otherwise.

P. Queries / Questions

Any queries / questions regarding this policy may be addressed to the IFCA.
