

Whistle Blower Policy

HERO HOUSING FINANCE LIMITED

Document Classification	Internal	
Document Number:	Version:	Document Owner:
-	2.0	Compliance
Updated On:	Review Frequency:	Effective Date:
May 22, 2020	-	May 22, 2020
Reviewed By:	Endorsed By:	Approved By:
Board of Directors	-	Board of Directors

Table of Contents

- I. PREFACE 3
- II. OBJECTIVE 3
- III. POLICY 3
- IV. DEFINITIONS 4
- V. SCOPE/ APPLICABILITY 5
- VI. COVERAGE OF POLICY 5
- VII. DISQUALIFICATIONS 6
- VIII. GUIDING PRINCIPLES OF THE VIGIL MECHANISM 6
- IX. REPORTING MECHANISM 7
- X. INVESTIGATION PROCEDURE 8
- XI. PROTECTION TO WHISTLEBLOWERS 10
- XII. MAINTAINING SECRECY AND CONFIDENTIALITY 11
- XIII. ACCOUNTABILITIES - WHISTLE BLOWER COMMITTEE 11
- XIV. RIGHTS OF A SUBJECT 12
- XV. FRIVOLOUS COMPLAINTS..... 12
- XVI. MANAGEMENT ACTION ON FALSE DISCLOSURES 12
- XVII. ACCESS TO REPORTS AND DOCUMENTS12
- XVIII. RETENTION OF DOCUMENTS 12
- XIX. REPORTS 13
- XX. COMPANY’S POWERS 13
- XXI. ANNEXURE I 13
- XXII. Annexure II 14

I. PREFACE

Hero Housing Finance Ltd. (hereinafter referred to as “HHFL” or “Company”) believes to conduct its affairs in a fair and transparent manner by promoting and adopting highest standard of professionalism, honesty, integrity and ethical behavior and is committed in conducting business with integrity, including in accordance with all applicable laws and regulations. The Company is committed to develop a culture where it is safe for all the employees to raise concerns about any poor or unacceptable practice and any event of misconduct.

II. OBJECTIVE

We firmly believe that our employees are our greatest assets and we value their feedback and suggestions. We realize that despite having an “Open Door Policy”, there could be some deterrents that stop or inhibit an employee from reporting a violation, any wrongful conduct or from expressing their concerns to us directly. In this scenario, it is very important for us to remain approachable and vigilant at all times.

Therefore, apart from all the existing channels of communication available to employees, we came out with a “Vigil Mechanism Policy in the year 2017” The said initiative/policy is an extension of our Code of Conduct formulated with an aim to promote good Corporate Governance, instill faith and make the employees feel empowered about their decision to blow the whistle in order to voice their concerns in case of unethical behavior and/or actual or suspected fraud and/or misconduct and/or violation of Company or in relation to corruption, misuse of office, criminal offence, suspected/ actual fraud, fraudulent reporting, misappropriation or mismanagement of the Company’s assets without fear of reprisal.

III. POLICY

This Whistle Blower Policy/Vigil Mechanism (the “Policy”) is formulated in terms of the relevant provisions under Section 177(9 & 10) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 thereunder. The relevant extract of the section and the rules under the Companies Act, 2013 is reproduced herein below:

Section 177 (9) under the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 mandates the following classes of companies to constitute a vigil mechanism”

- Every Listed Company;
- Every other company which accepts deposits from the public;
- Every company which has borrowed money from banks and public financial institutions in excess of INR 50 crores.

The Vigil mechanism is implemented not only as a safeguard to unethical practices. This mechanism is intended to provide a mechanism for reporting genuine concerns or grievance and ensure that deviations from the Company’s Business Conduct Manual and Values are dealt with in a fair and unbiased manner.

IV. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

I. Audit Committee: means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013, which has responsibility for supervising the development and implementation of this Policy. The current composition of the Audit Committee is set out more particularly in **Annexure I** to this Policy.

II. Board/Board of Directors/Directors: means a body of elected or appointed members who jointly oversee the activities of the Company.

III. Code of Conduct: means a set of rule outlining the responsibilities of or proper practices for an individual, party or organization. In this case, it refers to HHFL's Code of Conduct for Employees and HHFL's Code of Conduct for Senior Management and Directors including Independent Directors.

IV. Disciplinary Action: means any action that can be taken on the completion of / during the investigation proceedings, including but not limited to, a warning, recovery of financial losses incurred by HHFL, suspension/dismissal from the services of the Company or any such action as is deemed to be fit considering the gravity of the matter.

V. Employee: means every employee of HHFL working in India, including the Directors of HHFL.

VI. Protected Disclosure: means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence fraud or unethical activity within the Company. Protected Disclosures should be factual and not speculative in nature.

Please note that complaints concerning personal grievances, such as professional development issues or Employees compensation are not for purposes of this Policy.

VII. Subject: means a person or group of persons against or in relation to whom, or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this Policy.

VIII. Whistleblower: means an individual who makes a Protected Disclosure under this Policy.

IX. Whistle Blower Committee: means a Committee constituted by the Company/Audit Committee for receiving Disclosures/Reports/Complaints ("Disclosure/s") from Whistle Blowers, making inquiries and/or investigation on the Disclosures and recommending its findings/appropriate action to the Audit Committee for closure/disposal of such Disclosures. The current composition of the Whistle Blower Committee is provided in **Annexure II** to this Policy.

V. SCOPE/ APPLICABILITY

This Policy is applicable to:

- I. All the Employees of the Company; and
- II. Other stakeholders such as:

- Vendors, Suppliers, Direct Selling Agents, Key Partners, Contractors or agencies (or any of their employees) providing any material or services to the Company;
- Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location;
- Consultants including Auditors and Advocates of HHFL;
- Customers of the Company; and
- Any other person having an association with the Company

A person belonging to any of the above-mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.

VI. COVERAGE OF POLICY

The Policy covers malpractices' and events which have taken place/suspected to take place involving:

- Inaccuracy in maintaining the Company's books of account and financial records;
- Financial misappropriation and fraud including suspected fraud;

- Procurement fraud;
- Approving a loan which is against the Company's policy;
- Any misappropriation concerning payment to vendors, bills etc;
- Conflict of interest;
- False expense reimbursements;
- Misuse of Company assets & resources;
- Inappropriate sharing of Company's sensitive information;
- Corruption & bribery;
- Insider trading
- Unfair trade practices & anti-competitive behavior;
- Non-adherence to safety guidelines;
- Abuse of Authority at any defined level in the Company'
- Breach of Contract'
- Negligence causing substantial and specific danger to public health and safety;
- Manipulation of Company's data/records;
- Financial irregularities, including fraud or suspected fraud of deficiency in internal control and check or deliberate error in preparations of Financial Statements or misrepresentations of financial reports;
- Any unlawful act whether Criminal/Civil;
- Pilfering confidential/proprietary information;
- Deliberate violation of law/regulation;
- Breach of Company's Code of Conduct or Rules or Policies; and
- Any other unethical, biased, favored, imprudent event which does not conform to the approved standard of social and professional behavior.

All matters not covered under this Policy can be reported directly to your one over manager or your Human Resources contact

VII. DISQUALIFICATIONS

- 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 does 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 mala fide intention or a grievance about a personal situation.
- The policy should not be used in place of the Company's grievances procedure or be a route for raising malicious or unfounded allegations against colleagues.

VIII. GUIDING PRINCIPLES OF THE VIGIL MECHANISM

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

- Ensure protection of the Whistleblower against victimization for the Disclosures made by him/her.
- Treat victimization as a serious matter including initiating Disciplinary Action on such person/s.
- Ensure complete confidentiality of the Whistleblower identity and the information provided by him/her.
- Ensure that the Protected Disclosure is acted upon within specified timeframes and no evidence is concealed or destroyed.
- Ensure that the investigation is conducted honestly, neutrally and in an unbiased manner.
- Ensure Whistleblower would not get involved in conducting any investigative activities other than as instructed or requested by Chairman of the Audit Committee.
- Ensure the Subject or other involved persons in relation to the Protected Disclosure be given an opportunity to be heard.
- Ensure Disciplinary Actions are taken against anyone who conceals or destroys evidence related to Protected Disclosures made under this Policy.
- Provide an opportunity for being heard to the persons involved especially to the Subject.

IX. REPORTING MECHANISM

- I. The Whistleblowers (i.e. all Employees/stakeholder) are expected to speak up and bring forward the concerns or complaints about issues listed under Section VI under the “Coverage of Policy”.
- II. The Whistle Blower shall make a Protected Disclosure to the Whistle Blower Committee as soon as possible but within 15 (fifteen) days after becoming aware of any genuine concerns/grievances. Disclosures should be made in writing and can be submitted to the Whistle Blower Committee in any of the following manners:
 - By email to whistle.blower@herofincorp.com;
 - By letter addressed to the Whistle Blower Committee, marked “Private & Confidential’ and delivered to the address set out below:

Whistle Blower Committee, 7, Community Centre, Basant Lok, Vasant Vihar, New Delhi – 110057.

- III. Moreover, in exceptional cases, the Whistleblower will have a right to make Protected Disclosures directly to the Chairman of the Audit Committee. The chairman of the Audit Committee may choose to discuss the matter with the Whistleblower prior to initiating any review or investigation and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard. The details are mentioned herein underneath:
 - By email to Audit Committee members mentioned in the annexure;
 - By letter addressed to the Audit Committee, marked Private & Confidential’ and delivered to the address set out below:

Audit Committee, 7, Community Centre, Basant Lok, Vasant Vihar, New Delhi – 110057

- IV. Protected Disclosures should be in writing to ensure a clear understanding of the issues raised and should be either typed or written in legible handwriting in English or in the regional language of the place of employment of the Whistleblower.
- V. The Protected Disclosure shall be forwarded under a covering letter, which shall bear the identity of the Whistleblower. Anonymous Disclosure shall not be entertained under this Policy and the Whistle Blower Committee shall not act upon any anonymous Disclosures.
- VI. Protected Disclosures should be factual and not speculative in nature of a conclusion, and should contain information as possible to allow for proper assessment of nature and the extent concern.
- VII. The Whistle Blower shall submit adequate & proper documentary proof in support of his Protected Disclosure (wherever required).

X. INVESTIGATION PROCEDURE

- I. The Whistle Blower Committee shall inquire into and/or investigate the Protected Disclosures received under this Policy by means a neutral fact-finding process. If the Whistle Blower Committee and/or any member of the Audit Committee are conflicted under any Protected Disclosure, such person shall not deal with the matter. In such cases, the Audit Committee shall nominate any other person to deal with the matter. If the complaint is against one or more members of the Whistle Blower Committee, then the matter would be referred to the Audit Committee. The said member should not participate in the discussion/investigation relating to the said matter.

- II. The Whistle Blower Committee shall consider the following factors while determining the Disclosure:
- Whether the issue under the Protected Disclosure is in violation of any law and considered illegal;
 - Whether allegations are true and the accuracy of facts;
 - Whether the documents submitted in support of the allegations are acceptable as evidence and the persons named as witness can be acceptable as witness;
 - Whether the action appears to be isolated or systematic;
 - Whether the same issue has been raised before and the history of previous assertions regarding the subject matter
 - The gravity of the subject matter and the avenues available for addressing the same;
 - Cost and consequences of the potential inquiry/investigation.
- III. After considering the above factors, the Whistle Blower Committee shall decide whether to act upon the Protected Disclosure received or not. If the Whistle Blower Committee decides not to act upon the Protected Disclosure under this Policy, the Whistle Blower Committee shall submit a report to the Audit Committee within thirty (30) days of such decision. The Audit Committee shall review the Report & the Protected Disclosure and decide on the Report. If the Audit Committee decides to act further upon the Disclosure under this Policy, the below proceedings under this Policy shall be continued.
- IV. The Whistle Blower Committee shall complete the investigation under this Policy within forty-five (45) days of receipt of the Protected Disclosure made under this Policy. The Whistle Blower Committee shall submit its report of findings after completion of investigation along with its recommendations to the Audit Committee for its consideration. Any such findings shall be supported by evidence and appropriate reasons for arriving at such conclusion.
- V. The Whistle Blower Committee shall have the right to call for any information/document and examination of any Employee or another person, as it may deem appropriate for the purpose of conducting inquiry/investigation. The Whistle Blower Committee shall also have the right to hear the Whistle Blower, witness or any other person either independently or jointly, as per its sole discretion.
- VI. The Audit Committee shall analyze the report and recommendations submitted by the Whistle Blower Committee and if the Audit Committee is convinced that the alleged genuine and/or serious concerns/practices in violation of the Code of Conduct existed or is in existence, then the Audit Committee may advise the Management of the Company:
- to reprimand, take Disciplinary Action, impose penalty/ punishment, order recovery when the claim is proved against the alleged person.
 - to recommend termination or suspension of any contract or arrangement or transaction vitiated by such violation of Code of Conduct.
 - or any other remedial/action steps.
- VII. Management Decision: Relevant Board of Directors will take disciplinary or corrective action against the Subject as per the Company's disciplinary procedures and can also take legal action, if required. The decision of the management should be considered as final and no challenge against the decision would be entertained, unless additional information becomes available.
- VIII. Subject to legal limitations and approval by the Audit Committee, the outcome of the investigation under this Policy will be communicated to the Whistle Blower and the Subject.

XI. PROTECTION TO WHISTLEBLOWERS

- I. This Policy provides adequate safeguards against victimization of Whistle Blowers, who avail of this Vigil Mechanism. This Policy protects the Whistle Blower against unfair removal, unfair termination and unfair employment practices. If one raises concern under this Policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment, or vengeance in any manner. Company's employee 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 Whistleblowers' right to continue to perform his/her duties/functions including making further Protected Disclosure, as a result of reporting under this Policy. The protection is available provided that:

- The communication/disclosure is made in good faith;
- He/She reasonably believes that information, and any allegations contained in it, are substantially true; and
- 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 victimizes 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 anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

- II. The Company will not tolerate the harassment or victimization of anyone raising a genuine concern. As a matter of general deterrence, the Company shall publicly inform employees of the penalty imposed and disciplinary action 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.

Any other employee/business associates assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

If a complainant believes that she or he has been treated adversely as a consequence of their use of the vigil mechanism can approach the Chairman of the Audit Committee of HHFL in confidence. The contact information for the Chairman of the Audit Committee is provided in the Policy.

XII. MAINTAINING SECRECY AND CONFIDENTIALITY

HHFL expects individuals involved in the review or investigation to maintain complete confidentiality. Disciplinary Action may be initiated against anyone found not complying with the below:

- Maintain complete confidentiality and secrecy of the matter.
- The matter should not be discussed in an informal/social gatherings/meetings or with individuals who are not involved in the review or investigation of the matter.
- The matter should only be discussed only to the extent or with the persons required for the purpose of completing the investigation.
- Ensure confidentiality of documents reviewed during the investigation should be maintained. Do not keep the documents unattended anywhere.
- Keep the electronic mails/files under password.
- Ensure secrecy of the whistleblower, subject, protected disclosure, investigation team and witnesses assisting in the investigation should be maintained.
- A complete record of complaints, conclusion, actions, if any, shall be maintained by the Company.

If anyone found not complying with the above, he/she shall be liable for such disciplinary action as considered fit by the Audit Committee.

XIII. ACCOUNTABILITIES - WHISTLE BLOWER COMMITTEE

- I. Conduct the inquiry in a fair, unbiased manner;
- II. Ensure complete fact-finding;
- III. Maintain strict confidentiality;

- IV. Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom;
- V. Recommend an appropriate course of action- suggested disciplinary action, including dismissal and preventive measures.
- VI. Record committee deliberations and document the final report.

XIV. RIGHTS OF A SUBJECT

Subjects have the right to be heard and the Whistle Blower Committee must give adequate time and opportunity for the subject to communicate his/her say on the matter

Subjects have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the completion of the inquiry/ investigation process

XV. FRIVOLOUS COMPLAINTS

The Audit Committee shall have the right to take suitable Disciplinary Action against a Whistle Blower who makes false allegations or repeated frivolous complaints under this Policy.

XVI. MANAGEMENT ACTION ON FALSE DISCLOSURES

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct shall be subject to Disciplinary Action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further, this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure made by him and for legitimate reasons or cause under Company rules and policies

XVII. ACCESS TO REPORTS AND DOCUMENTS

All reports and records associated with Protected Disclosures are considered confidential information and access will be restricted to the Whistleblower, the Whistle Committee and Whistle Officer. Disclosures and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

XVIII. RETENTION OF DOCUMENTS

Disclosures in writing along with the results of investigation relating thereto, shall be retained by the Company for a period of 2(two) year from the date of closure/disposal of the Disclosure. All the Documents relating to this Policy shall be considered as confidential; hence access to such documents shall be restricted only to the Whistle Blower Committee and the members of the Audit Committee.

XIX. REPORTS

The Whistle Blower Committee shall submit a quarterly report to the Audit Committee containing the number of Disclosures received, number of Disclosures accepted and/or rejected, number of Disclosures resolved and/or pending under this Policy.

XX. COMPANY'S POWERS

The Company reserves the right to amend or modify this Policy in whole or in part at any time without assigning any reason whatsoever. This Policy and any subsequent amendments thereof shall be communicated to all concerned within 7 (seven) days working days of its approval by the Board and also updated on the website of the Company, in compliance with prescribed norms.

Whilst, the Company has made best efforts 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. The updated Policy would be shared with the Employees and the other stakeholder thereafter.

XXI. ANNEXURE I

Audit Committee Members –

S. No.	Name	Designation
1	Mrs. Renu Munjal	Chairman
2	Mr. Abhimanyu Munjal	Member
3	Mr. Rahul Munjal	Member

XXII. ANNEXURE II

Whistle Blower Members –

S. No.	Designation
1	Chief Risk Officer
2	Chief Financial Officer
3	Chief Human Resource Officer (Group Level)
4.	Head – Compliance & Company Secretary (Group Level)
5.	Head – Legal (Group Level)