



WHISTLE BLOWER POLICY

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1. Preface

- 1.1 HDB Financial Services Limited (HDB or “the Company”), believes in conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The policy aims to prohibit and proactively target issues linked to employee integrity by ensuring an effective redressal mechanism. Further it also attempts to formalise a channel for communicating any such issues faced by employees at their workplace.
- 1.2 HDB is committed to develop a culture where it is safe for any Employee / Stakeholders of the Company to raise concerns about any poor or unacceptable business practices and any event of misconduct.
- 1.3 As per the provisions of Section 177 (9) of the Companies Act, 2013 read along with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; HDB is required to establish a vigil mechanism for the Directors and Employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or terms of service. This policy, hereinafter referred to as the “Whistle Blower Policy” shall be implemented based on applicable law from time to time.
- 1.4 This Policy will be posted on the Company's website at www.hdbfs.com.

2. Objective

The Policy aims at quickly spotting aberrations and dealing with it at the earliest through an established mechanism enabling the Employees and the Stakeholders to make Protected Disclosures under this Policy without any fear of reprisal, retaliation, discrimination, or harassment of any kind.

The Policy through sustained best practices, aims to raise the standard of ethics, morals, and integrity and to encourage a culture of openness and transparency in dealings between Employees/ Stakeholders who come in contact with the Company.

The Policy aims to assure the Employees and the Stakeholders of confidentiality and protection to the Whistle Blower, who have made any Protected Disclosures against any Suspicious business practices and personal vindictive actions such as humiliation, harassment, or any other form of unfair treatment, as a result of the reporting of a Protected Disclosure.

This policy clarifies what integrity means to all of us and communicates a Whistle Blower Mechanism for the Company.

One of the core values of the Company is Integrity. Integrity would mean a transparent and honest approach in all our actions. Having respect and abiding by rules and laws of the Company and the Nation, in letter and spirit. Not allowing personal gain to cloud our actions, judgment and decision-making, which we take on behalf of the Company.

Integrity also means not only doing all of the above, but also not letting anyone else violate this value. As we grow, it sometimes makes it difficult for employees to know where and whom to contact when they see something happening which they feel should not happen. This policy provides a platform for stakeholders to escalate any such violations.

Any dilution of this value results in a reputation risk for the Company, as well as a violation of our own culture and value system.

An illustrative list of practices which are not in consonance with the value of integrity is:

- 1) Approving a loan which is against the Company's policy
- 2) Changing interest rate without required approval,
- 3) Value dating without required approval
- 4) Any misappropriation concerning payments to vendors, bills etc.
- 5) Inflating expense.
- 6) Doing any act or deed which is ultra – vires the policy and procedures of the Company for pecuniary gains.
- 7) Fraud / Forgery

3. Applicability

3.1 This Policy is applicable to all Directors and Employees of HDB. This policy will be reviewed at periodical intervals, as per the legal and business requirements.

3.2 This Policy has been drawn up so that Whistle Blowers can make Protected Disclosure under the Policy. The Protected Disclosure may be areas of concern in respect of HDB covered by this Policy and summarized in paragraph 5.

This Policy has been drawn up so that Whistle Blower can make Protected Disclosure under the Policy.

4. Definitions

4.1 **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with the provisions of Reserve Company of India's guidelines or Section 177 of the Companies Act, 2013 as amended from time to time and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.2 **“Directors”/ “Board” / “Board of Directors”** means Board of Directors of HDB financial services Ltd.

4.3 **“Code of Conduct”** means code applicable to the directors and all the employees and as amended from time to time.

4.4 **“Company/HDB”** means HDB Financial Services Limited.

4.5 **“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 HDB, suspension/termination from the services of the Company or any such action as is deemed to be fit considering the gravity of the matter.

4.6 **“Competent Authority”** shall mean the Audit Committee of the Company Constituted / reconstituted in terms of various acts, rules, regulations, circulars and guidelines issued as referred in the Policy.

- 4.7 **“Employee”** means any employee of the HDB including Whole-time Director of the Company.
- 4.8 **“Investigation Authority”** shall mean the National Risk Control Manager of the Company.
- 4.9 **“Investigation Officer(s)”** shall mean any internal officer(s) of the Company or any external agency(ies) nominated by the Investigation Authority to conduct an investigation under this Policy.
- 4.10 **“Protected Disclosure(s)”** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity (as described more particularly in Clause 9). Protected Disclosures should be factual and not speculative or in the nature of an interpretation / 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.
- 4.11 **“Stakeholders”** shall mean (a) customers of the Company; (b) non-governmental organizations; (c) employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location; (d) contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company, (e) shareholders of the Company; and (f) any other person having an association with the Company.
- 4.12 **“Subject”** means a person against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- 4.13 **“Whistle Blower”** is someone who makes a Protected Disclosure under this Policy.
- 4.14 **Whistle Blower Committee** is the vigil mechanism constituted at the management level to review and act on Protected disclosures. Whistle Blower Committee shall consist of the following officials of the Company, as set out in Annexure 1

The Committee shall be chaired by the Head – Internal Audit of the Company and the quorum of the committee shall be any two members subject to the condition that the member of the Committee who is part of the quorum, shall not in any manner be interested or related to the matters / complaints / protected disclosures dealt and taken up by the Committee from time to time. The Committee shall submit summary of the work undertaken/dealt by it to the Audit Committee on quarterly basis or as and when the circumstances warrant.

5. Whistle Blower's Role, Rights and Responsibilities

- 5.1. All Protected Disclosures should contain factual information in relation to the matter being reported rather than any speculative information and must contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures.
- 5.2. For a reporting under this Policy by a Whistle Blower to be construed as a Protected Disclosure it must be made in good faith. A disclosure will be construed as made in good faith only if there is a reasonable basis to believe or suspect that the alleged wrongful acts covered under this Policy have transpired. Good faith shall not be present when the

Whistle Blower does not have any factual basis for the communication of a disclosure and/or where a complaint is being made for personal gain.

- 5.3. The role of a Whistle-blower is limited to making a Protected Disclosure. The Whistle Blower will not act on his own in conducting any investigation nor does he / she has a right to participate in any investigative activity other than to the extent that his/her cooperation is sought by the Investigation Officers.
- 5.4. The intentional filing of a false disclosure by any person will be considered as improper activity and the Company will have the right to act upon that and take appropriate disciplinary action against the person making such intentionally false disclosure.
- 5.5. The identity of the Whistle Blower will not be disclosed except where required under the law or to the extent required to be disclosed to the Investigation Officers and the team carrying out the investigation into the matter specified in the Protected Disclosure.
- 5.6. This Policy may not be used as a protection by any Employee against whom a disciplinary action has been taken and/or is already in process under the Company's rules and policies.
- 5.7. The complainant should ensure that the issue raised by him/ her is covered within the scope of this Policy and that he/ she has a reasonable basis for believing that the alleged misdeed or wrongful act has transpired.

6. The Guiding Principles

The Company, as a policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower. To ensure that this Policy is adhered to and to assure that the concerns raised under this Policy will be acted upon seriously, the Company will;

- a) Ensure that the Whistle Blower Committee or any of its members and / or the person processing the protected disclosure is / are not victimised for doing so;
- b) Treat victimisation of Whistle Blower as a serious matter including initiating disciplinary action against person(s) causing or allowing victimisation of Whistle Blower;
- c) Ensure complete confidentiality of identity of Whistle Blower;
- d) Not to attempt to conceal evidence of the protected disclosure;
- e) Take disciplinary action for event covered under this Policy (as mentioned in Clause 7) or upon victimising Whistle Blower or any person processing the protected Disclosure or if any one destroys or conceals evidence of the protected disclosure made/to be made;
- f) Provide an opportunity of being heard to the persons involved to the Subject.

7. Coverage of Policy

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

- a) Abuse of authority
- b) Breach of Code of Conduct or employment contract
- c) Manipulation of company data/records
- d) Financial or compliance irregularities, including fraud, or suspected fraud
- e) Criminal offence having repercussions on the company or its reputation.
- f) Theft of confidential/proprietary information
- g) Deliberate violation of law/regulation
- h) Misappropriation or misuse of Company funds/assets
- i) Breach of employee Code of Conduct or Rules
- j) Leakage/suspected leakage of unpublished price sensitive information
- k) Any other illegal, unethical, imprudent deed/behaviour which is detrimental to the interest of HDB or any actual or suspected fraud.

The policy will not cover the following types of complaints which if made would not qualify as being reportable under this Policy:

- (i) Anonymous complaints unless otherwise determined by the Whistle Blower Committee.
- (ii) An interpersonal conflict between two employees including with supervisor.
- (iii) Matter relating to a personal grievance including a decision relating to employment or engagement of employees, such as a transfer, promotion, increments, working hours or disciplinary action etc.
- (iv) Allegations relating to sexual harassment – such complaints will be dealt in accordance with Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace (POSH Policy).
- (v) Matters which are pending before a court of law, tribunal, other quasi-judicial bodies or any governmental authority.

7.2 The policy should not be used as a route for raising malicious or unfounded allegations against colleagues.

8. Protection

8.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.

8.2 The identity of the Whistle Blower shall be kept confidential. The identity of the Whistle Blower will not be disclosed except where required under the law or to the extent required to be disclosed to the Investigation Officers and the team carrying out the investigation into the matter specified in the Protected Disclosure.

8.3 Any other Director/ Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

8.4 Protection to Whistle Blower under this Policy shall be available provided that Protected Disclosure is:

8.4.1 made in good faith;

8.4.2 the Whistle Blower has reasonable information or documents in support thereof;
and

8.4.3 not for personal gain or animosity against the Subject.

8.5 Whistle Blower, who make Protected Disclosure, which have been subsequently found to be mala fide, frivolous or malicious shall be liable to Disciplinary Action as may decide by the Committee constituted under this Policy.

9. Protected Disclosure

9.1 All Protected Disclosures should be addressed to:

*To,
The Whistle Blower Committee,
HDB Financial Services Limited
Ground Floor, Zenith House,
K K Marg, Opp. Mahalaxmi Race Course,
Mahalaxmi, Mumbai - 400 034
Email: hdb.whistleblowercommittee@hdbfs.com*

9.2 Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or in Hindi.

9.3 The Protected Disclosure may be forwarded by email or by way of a letter which shall bear the identity of the Whistle Blower. Anonymous disclosures will not be entertained.

9.4 If a protected disclosure is received by any Executive(s) of the Company other than Whistle Blower Committee or any of its members, the same should be forwarded to the Whistle Blower Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

9.5 In exceptional circumstances where the usual channels for communication of the Protected Disclosure as set out in Paragraph 9.1 above may not be adequate such as where the Protected Disclosure relates to any of the members of the Whistle Blower Committee, the Whistle Blower may make such Protected Disclosure directly to the Chairperson of the Audit Committee of the Company through a letter addressed to him/her and sent to the Corporate Office of the Company .

9.6 Anonymous /pseudonymous complaints do not automatically constitute Protected Disclosures and the makers thereof are not entitled to the benefit of this Policy. However, such complaints may be investigated only to the extent so determined by the Whistle Blower Committee, at its sole discretion. Where such complaints are not investigated, they shall, in any event, be kept on file and in the records and if at any subsequent stage the Whistle Blower comes forward identifying himself/herself to be the initiator of the concerned anonymous/ pseudonymous complaint with sufficient proof, the Whistle Blower Committee shall, proceed to deal with the same as per paragraph 10 below.

10. Investigation

10.1 Upon the receipt of a protected disclosure, the disclosure will be reviewed in line with the Whistle Blower Operating guidelines.

- (a) Whistle Blower Committee, depending on the nature of disclosure, will assign the disclosure to a functionary of the Company for further investigation and seek a report.
- (b) Where necessary and appropriate, appoint an external investigator.
- (c) Subjects would normally be informed of the allegations during the course of the formal investigation and have opportunity to provide their clarifications during the investigation. Subjects have a right to be informed of the outcome of the investigation
- (d) Every investigation shall be conducted based on the principles of natural justice and reasonability
- (e) The investigation shall be completed normally within a reasonable period of time or as mandated by the applicable law, from the date of the receipt of complaint. A report shall be prepared after completion of investigation by the Whistle Blower Committee.

10.2 A report on all disclosures investigated shall be submitted to the Audit Committee on a quarterly basis. Upon receipt of report, the Audit Committee shall review the disclosure, investigation report and disciplinary action taken. In exceptional circumstances, the audit committee shall advise the whistle blower committee to reinvestigate the disclosure, review the disciplinary action or provide the Subject an opportunity of being heard,

10.3 In case of frivolous complaints being filed, the Whistle Blower Committee may take suitable action against the concerned person(s).

10.4 In exceptional circumstances, where the whistle blower feels that his/her case is not or may not be adequately dealt with by the Whistle Blower Committee, he may write to the Chairman of the Audit Committee. The letter shall be addressed to the Chairman – Audit Committee at the Company's Corporate Office. Such letters must carry detailed reasons for seeking a review of the decision of the whistle blower committee.

10.5 If any member of the Audit Committee or the Whistle Blower Committee 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.

11. Decision

11.1 The Investigation Authority shall place the investigation report in respect of any Protected Disclosure before the Whistle Blower Committee together with any other supporting documents which may be required by the Whistle Blower Committee and shall discuss the findings of the investigation with the Whistle Blower Committee. After review of the investigation report and the requisite supporting documents, the Whistle Blower Committee shall take the necessary actions in relation to the Protected Disclosure. In the event that the Whistle Blower Committee determines, after reviewing, examining and discussing the investigation report in respect of any Protected Disclosure, that the same should be placed before the Audit Committee of the Company, it shall place the same before the Audit Committee of the Company along with its own findings and recommendations (if any) for its review and to seek the directions of the Audit Committee of the Company.

11.2 In case the complaint is found to be wrong/ incorrect and is found to have been made by the Whistle Blower knowing it to have been false and/or with malafide intent or is motivated or vexatious, then the Company may take disciplinary/ appropriate action against the complainant for making such false and malafide complaint. The decision of the Whistle Blower Committee in this regard shall be final and binding on all.

12. Retention of Documents

All Protected disclosures in writing along with the results of investigation relating thereto, shall be retained by the Company for eight years or such other period as specified by any law in force, whichever is more.

13. Policy review and amendments

The Board and/or its committees reserves the right to review and amend this Policy from time to time. All provisions of this Policy would be subject to revision / amendment in accordance with the applicable law issued by relevant statutory, governmental and regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder

14. Secrecy / Confidentiality

The Whistle Blower, the Subject, the Senior Officer(s) and everyone involved in the process shall:

- a. maintain complete confidentiality/ secrecy of the matter under this Policy
- b. not discuss the matters under this Policy in any informal/social gatherings/ meetings
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations as directed by Whistle Blower Committee
- d. not keep the papers unattended anywhere at any time
- e. keep the electronic mails/files under password protection

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

ANNEXURE I

Whistle Blower Committee Members

- 1) Head - Internal Audit, Chairman
- 2) National Head - Human Resources, Member
- 3) National Risk Control Manager, Member
- 4) Assistant Vice President, Legal, Member