



**IIFL WEALTH MANAGEMENT LIMITED**

**VIGIL MECHANISM AND WHISTLE BLOWER MECHANISM**

*Version 1- June 25, 2019*

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## **1. Preface**

- 1.1 The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.
- 1.2 The Company is committed to develop a culture where it is safe for all employees, Directors and stakeholders to raise concerns about any poor or unacceptable practice and any event of misconduct.
- 1.3 Article 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter-alia, provides, a non-mandatory requirement, for all listed companies to establish a mechanism called “Whistle Blower Policy” for employees, Directors and other stakeholders of the Company to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy.
- 1.4 The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company.
- 1.5 The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

## **2. Policy**

Through this policy the IIFL Wealth Group seeks to define and establish the mechanism for its employees and directors on the framework to promote responsible vigil mechanism/ whistle blowing, to raise concerns internally and to disclose information, which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any Indian law. The Policy protects an employee and a director from discharge or retaliation or discrimination when the employee or director reports in good faith the existence of any of the aforesaid activity.

### **2.1 Applicability:**

This Policy applies to all the employees and directors of the IIFL Wealth Group. The effective date of the Policy for each member of the IIFL Wealth Group will be decided by the Board of Directors of the respective companies by drawing reference to this Policy.

### **3. Definitions**

- 3.1 “Audit Committee” means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
- 3.2 “Company” means IIFL Wealth Management Limited and its subsidiaries and its associates.
- 3.3 “Disciplinary Action” means any action that can be taken on the completion of during the investigation proceedings including but not limited to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- 3.4 “Employee” means any employee or officer of the Company (whether working in India or abroad).
- 3.5 “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- 3.6 “Subject” means a person against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- 3.7 “Whistle Blower” is someone who makes a Protected Disclosure under this Policy.
- 3.8 “Vigilant Committee’ means a Committee of persons consisting of Head of Human Resources, Head - Compliance, Head - Risk & Head - Operations or such other person nominated/appointed by the Audit Committee to conduct detailed investigation on any Concerns reported by the Whistle Blower.
- 3.9 “Ombudsperson” will be the Company Secretary/ Compliance Officer for the purpose of receiving all complaints under this Policy and ensuring appropriate action. In the first instance, the Audit Committee/ the Board shall appoint this Ombudsperson. Any change in the Ombudsperson may be carried out by the Audit Committee.

### **4. Scope of Whistle Blower:**

- 4.1 Any employee or director or any other person that the Company through the Audit Committee of the Board may wish to extend this Policy including suppliers, vendors, service provider or by whatever name called (hereinafter referred to as “Whistle Blower”), who in good faith raises genuine concern or reports evidence of activity by the Company or its employee or director that may constitute:

1. instances of corporate fraud;
2. unethical business conduct;
3. a violation of Central or State laws, rules, regulations and/ or any other regulatory or judicial directives;
4. any unlawful act, whether criminal or civil;
5. serious financial irregularities;
6. impropriety, abuse/ wrong doing and manipulation of company data/ records;
7. deliberate breaches and non-compliance with the company's policies;
8. questionable accounting/ audit matters/ financial malpractices;
9. engaging in any trade or business outside the scope of the employment without the consent of the appropriate authority;
10. Unauthorised disclosure of information regarding the affairs of the Company or any of its customers or any other person connected with the business of the Company which is confidential or the disclosure of which could be prejudicial to the interest of the Company.

(collectively referred to as “the Concerns”).

If one is acting in good faith it does not matter if one is mistaken.

The above list of the Concerns is only illustrative and should not be considered as exhaustive.

## **5. The Guiding Principles:**

- 5.1 To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:
  - 5.1.1 Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
  - 5.1.2 Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
  - 5.1.3 Ensure complete confidentiality;
  - 5.1.4 Not attempt to conceal evidence of the Protected Disclosure;
  - 5.1.5 Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;

5.1.6 Provide an opportunity of being heard to the persons involved especially to the subject;

5.2 Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

## **6. Disqualifications**

6.1 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 will warrant disciplinary action.

6.2 Protection under this Policy would 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.

6.3 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be *mala fide*, *frivolous* or *malicious* shall be liable to be prosecuted under Company's Code of Conduct.

## **7. Reporting and Disciplinary Action:**

7.1 If whistle blower has become aware of any Concern, he must immediately report, but not later than 30 consecutive days after becoming aware of the same through e-mail, telephone or a letter sent by mail, courier or fax), the facts to any or all of the Members of the Vigilant Committee clearly indicating that this reporting of the Concern is under the Policy:

7.2 Vigilance Committee will support the Audit Committee in discharge of this duty.

7.3 If any of the members of the Audit Committee or the Vigilance Committee have a conflict of interest in a given case, they should recuse themselves and the others on the Committee would deal with the matter on hand.

7.4 Whistle Blower must put his/her name to allegations. Concerns expressed anonymously WILL NOT BE regularized or investigated.

7.5 The Company will not insist the Whistle Blower to prove that his/ her Concern is true.

7.6 The Vigilant Committee will appoint or change an Administrator to manage the online whistle blowing mechanism and give him/ her directions from time to time for its functioning. The

Administrator may have a team under his supervision to undertake various activities.

- 7.7 If a concern has been raised through the online mechanism or to any person as stated herein above, such concern shall be circulated to the Vigilance Committee within a period of 15 days from the date the concern was communicated by the Whistle Blower. Concerns raised directly through any medium to any of the Members stated herein above will be marked to the Administrator.
- 7.8 The Administrator shall evaluate and ascertain whether the issue/ event reported qualifies as a concern under this Policy.
- 7.9 All Concerns under this Policy will be investigated and all information disclosed during the course of investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action in accordance with applicable laws/ Company policies.
- 7.10 The investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.
- 7.11 On receipt of any Concern, the Administrator shall take the following steps:
- i) Obtain full details and clarification of the Concern;
  - ii) Consider ordering investigation by the Company's internal auditors or any other investigation agency or person, external or internal including the police;
  - iii) Fully investigate into the allegation with the assistance where appropriate of other individuals/ bodies;
  - iv) Make a detailed written record of the Concern. The record will include:
    - a) Facts of the Concerns raised/ reported;
    - b) Whether the same Concern was raised previously by anyone, and if so, the outcome thereof;
    - c) Whether any Concern was raised previously against the same subject;
    - d) The financial/ otherwise loss which has been incurred/ would have been incurred by the Company;
    - e) Findings of the Administrator/ Committee;
    - f) The recommendations of the Administrator/ Committee on disciplinary/other

action/(s).

- ii. While investigating the Concerns raised by the Whistle Blower, the Company may or may not be able to inform such Whistle Blower the precise action/ finding of such investigation. The Company however, will take all steps to minimize the difficulty/ anxiety of the Whistle Blower, which he or she may experience as a result of raising/ reporting such Concern. If the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the employer or director to receive appropriate legal advice about the process and procedure to be followed in this regard.
- 7.12 On submission of report, the Administrator shall discuss the matter with the Vigilant Committee who shall either:
- i) In case the Concern is proved, accept the findings of the Administrator/ Vigilant Committee and take such Disciplinary Action as it may think fit and take preventive measures to avoid reoccurrence of the matter;
  - ii) In case the Concern is not proved, extinguish the matter; or
  - iii) Depending upon the seriousness of the Concern, the Vigilant Committee may refer the case to the Audit Committee with proposed disciplinary action/counter measures. The Audit Committee may decide on the action. In case the Audit Committee thinks that the matter is too serious, it can further place the matter before the Board with its recommendations. The Board may decide the matter as it deems fit.
- 7.13 Conclusion of the Vigilant Committee findings shall be communicated with the Whistle Blower. Direct access to the Chairperson of the Audit Committee will be provided to the Whistle Blower should the Whistle Blower so require, in appropriate or exceptional cases.
- 7.14 A quarterly report with number of complaints, if any, received under the Policy and their outcome shall be placed before the Audit Committee and the Board.
- 7.15 In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, she/he can make a direct appeal to the Chairman of the Audit Committee within 7 (seven) days of the communication by the Administrator/ Vigilant Committee by seeking appointment of Chairman of the Audit Committee through the Company Secretary.

## **8. Disciplinary Action:**

Audit Committee shall oversee that appropriate disciplinary actions are taken as per the prevailing Human Resources policies of the Company. Actions however may be taken by the concerned business team/ unit or any other department/ committee in accordance with the Human

Resources Policy of the Company. The Audit Committee in turn shall appropriately apprise the Board of Directors, wherever deemed necessary.

## **9. Protection**

- 9.1 No unfair treatment will be given to a Whistle Blower by virtue of his/her having reported a Concern under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior 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 steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in any disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.
- 9.2 The identity of the Whistle Blower shall be kept confidential except to the members of Vigilant Committee
- 9.3 Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

## **10. Secrecy/Confidentiality**

The Whistle Blower, members of the Audit Committee, Vigilance Committee, and his/ her team or other investigating person or persons who will be investigating or deciding on the investigation shall not make public the Concerns disclosed and shall:

- a. maintain complete confidentiality/ secrecy of the matter;
- b. not discuss the matter 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;
- d. not keep the papers unattended anywhere at anytime;
- e. keep the electronic mails/files under password; and
- f. a record of complaints, conclusion, actions, etc., if any, shall be maintained by the Company.

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

## **11. Amendment**

The Managing Director of the Company has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.