



WHISTLE BLOWER POLICY & VIGIL MECHANISM

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Kerala Financial Corporation

(Incorporated under the State Financial Corporations Act of 1951)

Head Office, Vellayambalam, Thiruvananthapuram – 69503, Kerala, India

INDEX

INTRODUCTION

1.	DEFINITION	3
2.	SCOPE	4
3.	GOVERNING LAWS	4
4.	COVERAGE OF POLICY	5
5.	DISQUALIFICATIONS	5
6.	PROCEDURE	5
7.	INVESTIGATION	6
8.	DECISION	7
9.	REPORTING	8
10.	PROTECTION	8
11.	ESCALATION MATRIX	8
12.	RETENTION OF DOCUMENTS	9
13.	SECRECY/ CONFIDENTIALITY	9
14.	VALIDITY	9

INTRODUCTION

This Whistle Blower Policy provides a framework to promote responsible and secure whistle blowing. Accordingly, this Whistle Blower Policy ("the Policy") and Vigil Mechanism as part of this Policy has been formulated with a view to provide a mechanism for Directors, employees as well as other stakeholders of the Corporation to approach the Whistle Officer/ Chairman of the Audit Committee of the Corporation. The Audit Committee shall review the functioning of the Whistle Blower Mechanism, at least once in a financial year. The Whistle Blower Policy & Vigil Mechanism will be displayed on the Website of the Corporation. The Policy neither releases Directors and 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. This policy is in addition to the provisions of the KFC Staff Regulations, 1966. If there is any contradiction in the provisions of this Whistle Blower Policy and Vigil Mechanism, the provisions of KFC Staff Regulations, 1966, shall prevail.

1. DEFINITION

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

- **'Audit Committee'** means the Audit Committee of Directors constituted by the Board of Directors of the Corporation under Section 18(3) of the State Financial Corporations Act, 1951 and Regulation 18 of the SEBI(LODR) Regulations, 2015.
- **'Employee'** means every employee of the Corporation (Regular or Part time or Contractual).
- **'Whistle Officer'** is the Whistle Officer of KFC. The Executive Director of the Corporation is designated as the Whistle Officer. Any subsequent change in the Whistle Officer will be made by the Board on the recommendation of the Managing Director of the Corporation.
- **'Director'** means the director of the Corporation, past and present.
- **'Investigator/s'** mean those person/s authorised, appointed, consulted or approached by the Whistle Officer/ Chairman of the Audit Committee.
- **'Stakeholders'** means and includes shareholders, bondholders, other investors, lenders and customers of the Corporation.
- **'Subject'** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- **'Whistle Blower'** means an employee or director or any stakeholder making a protected disclosure under this policy.
- **'Vigilance Officer'** means an officer posted to the Corporation on deputation from Home Department, Govt. of Kerala.

- **'Disciplinary Action'** means any action that can be taken on the completion of/during the investigation proceedings as is deemed to be fit considering the gravity of the matter as per Regulation 39 of KFC Staff Regulations, 1966.
- **'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. Protected Disclosure should be factual and not speculative in nature.
- **'Good Faith'** A Whistle Blower may communicate in "good faith" if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the Whistleblower does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

2. SCOPE

- The Whistle Blower's role is that of a reporting party with reliable information. He is not required or expected to act as an investigator or finders of facts, nor would he/ she determine the appropriate corrective or remedial action that may be warranted in a given case.
- 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 Whistle Officer(WO) or the Chairman of the Audit Committee or the Investigators.
- Protected Disclosure will be appropriately dealt with by the WO or the Chairman of the Audit Committee, as the case may be.

3. GOVERNING LAWS

Whistle Blower Mechanism is governed by the provisions of Section 177 of the Companies Act, 2013; guidelines dated 17.04.2014 issued by Securities and Exchange Board of India (SEBI) regarding Clause 49 of Listing Agreement between the listed entity and the Securities and Exchange Board of India (SEBI) regarding clause 49 of Listing Agreement between the listed entity and the Stock Exchange; and guidelines/directions dated 01.07.2016 issued by Reserve Bank of India under section 35 (A) of Banking Regulation Act etc., as the case may be, which specifically provide for a "Whistle Blower Mechanism" for the employees of the organizations, to report allegations of corruption or misuse of office by the authorities of that organisation.

4. COVERAGE OF POLICY

All Employees, Directors and stakeholders of the Corporation are eligible to make Protected Disclosure under the Policy. The Protected Disclosure shall be in relation to matters concerning the Corporation. The Policy covers malpractices and events which have taken place/ suspected to take place like:

- Abuse of Authority.
- Manipulation of Corporation's data/records.
- Financial irregularities including fraud or suspected fraud.
- Any unlawful act whether criminal or civil.
- Pilferage of confidential/ proprietary information.
- Deliberate violation of laws/regulations.
- Wastage/mis-appropriation of Corporation's funds/assets.
- Any other un-ethical/biased/favored/imprudent event.
- Breach of Employee Code of Conduct or KFC Staff Regulations, 1966.
- Governance weaknesses.

However, the policy should not be used for raising baseless allegation against other employees/ Management with malafide or political motives.

5. DISQUALIFICATIONS

Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out. However any abuse of this protection will warrant disciplinary action as per KFC Staff Regulations, 1966.

6. PROCEDURE

- Protected Disclosure concerning the Whistle Officer, General Managers and Directors of the Corporation shall be addressed to the Chairman of the Audit Committee while protected Disclosure concerning all other employees should be addressed to the Whistle Officer.
- The Protected Disclosure should contain details like
 - (a) Name, address and contact details of the Whistle Blower in the covering letter
 - (b) Brief description of the malpractice, giving names of those alleged to have committed or about to commit a malpractice. Specific details such as time and place of occurrence are also important.
 - (c) Whistle Blower shall lodge the complainant by way of a letter which shall be sealed in an envelope marked "Whistle Blower" and addressed to the Whistle Officer.

- The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee / WO, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- Protected Disclosure should be factual and not speculative. It should contain as much specific information as possible with document/s (if available) to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- Concerns expressed anonymously will not be investigated.

7. INVESTIGATION

- Investigations will be launched only after a Quick Verification which establishes that:
 - (a) the alleged act constitutes an improper or unethical activity or conduct, and
 - (b) either the allegation is supported by information specific enough to be investigated, or matters that do not come within the purview of the Whistle Blower Policy.
- The Whistle Officer/ Chairman of the Audit Committee may at his/ her discretion, consider involving any of the Senior Management Personnel/ Vigilance Officer of the Corporation as investigators for the purpose of investigation.
- Protected Disclosure involving or relating to employees will be investigated by an officer to be decided by the Managing Director based on the recommendation of the Whistle Officer. Protected Disclosure involving or relating to the Whistle Officer/ General Managers/ Directors of the Corporation will be investigated by an officer to be decided by the Managing Director based on the recommendation of the Chairman of the Audit Committee. Protected Disclosure involving or relating to the Chairman of the Audit Committee will be investigated by an officer to be decided by the Managing Director based on the recommendation of the Chairman of the Board.
- Subjects shall be informed of the allegations at the outset of a formal investigation and shall be opportunities for providing their inputs during the investigation.

- Subjects shall have a duty to co-operate with the WO / Chairman of the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- Subjects have a right to consult with a person or persons of their choice, other than the WO /Investigators and/or members of the Audit Committee and/or the Whistle Blower.
- Subjects have a responsibility not to 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.
- Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Corporation.
- Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Competent Authority when acting within the course and scope of their investigation.
- Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- The investigators shall submit their report to Whistle Officer/ Chairman of the Audit Committee, as the case may be in a closed and sealed envelope, to ensure that the matter is kept confidential.

8. DECISION

If an investigation leads the Whistle Officer/ Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, he/ she shall advise the management of the Corporation to take such appropriate action under the provisions of KFC Staff Regulations, 1966 or any other law in force for the time being.

9. REPORTING

The Whistle Officer shall submit a report half yearly to the Audit Committee about all Protected Disclosure referred to him/ her since the last report together with the results of investigations, if any. The Chairman of the Audit Committee shall submit a report half yearly to the Board about all Protected Disclosure referred to him/ her since the last report together with the results of investigations, if any.

10. PROTECTION

- The identity of the Whistle Blower shall be kept confidential to the extent possible given the legitimate needs of the investigation and permitted under law.
- Permission need to be obtained from the Audit Committee for disclosing the name of the Whistle Blower, in case of inquiry compulsions, during the course of investigation. On obtaining permission from the Audit Committee, authorised officials may interview relevant person to seek information.
- The Corporation, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. In case the identity of the Whistle Blower is revealed inadvertently or by design complete protection will, therefore, be given to Whistle Blowers.
- If any person is aggrieved by any action on the ground that he/she is being victimized due to the fact that he/she had filed a complaint or disclosure, he/she may seek redressal before the MD.

11. ESCALATION MATRIX

- If the complaint is found out to be frivolous or not coming within the ambit of this Policy or Corporation is not taking any action, then the same will be intimated to the Whistle Blower by the Whistle Officer/ Chairman of the Audit Committee by updating the status of the complaint by letter addressed to whistle blower.
- If the Whistle Blower/Complainant is not satisfied with the response of the Whistle Officer/ Chairman of the Audit Committee with the decision of the Investigations/ decision of the Audit Committee he/she is free to take up the matter with the Chairman of the Board through written communication for reconsideration.

12. RETENTION OF DOCUMENTS

All Protected Disclosure and document/s collected along with the results of investigation relating thereto shall be retained by the Corporation for a minimum period of seven years.

13. SECRECY/ CONFIDENTIALITY

The Whistle Blower, the Subject, the Whistle Officer and everyone involved in the process shall:

- maintain complete confidentiality/ secrecy of the matter;
- discuss only to the extent or with the persons required for the purpose of completing the process and investigation;
- not to keep the papers unattended anywhere at any time; and
- keep the electronic mails/ file under password.

14. VALIDITY

The Whistle Blower Policy & Vigil Mechanism shall remain in force for one year or till a revision of this Policy is approved. This Policy is to be read along with the related policies, KFC Staff Regulations, 1966 and extant regulatory guidelines.

Chairman and Managing Director