

Arohan Financial Services Limited

Policy on Whistle Blower Mechanism

Version 3.0



Prepared & Revised by: Compliance Department

Reviewed by : Internal Audit Department, Compliance Department and Executive Committee

Approved by : Board of Directors

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Introduction

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Arohan Financial Services Limited (Arohan) recognizes the importance of providing all employees with the opportunity to act in good faith, should they witness any acts which may seriously affect the organization's operations, reputation or long-term sustainability. As such, Arohan strongly encourages employees to report incidents where fraud or unethical behavior is witnessed. When incidents are reported, Arohan will take all necessary and appropriate measures to ensure that the Whistleblower's identity remains confidential. Arohan's Whistleblower Policy is based on the adoption and implementation of the Arohan's core values and industry best practices.

Purpose

The purpose of this Whistleblower Policy is to encourage and direct all employees to disclose any fraud or unethical behavior that may adversely impact Arohan, its clients, employees, partners, board members, investors, or the public at large. This policy is meant to set forth (a) what will constitute an incident requiring reporting (b) the appropriate reporting procedure and (c) the investigative process associated with a decision regarding the incident. The mechanism provides for the manner of reporting, safeguards against victimization of person who use such mechanism.

Core Values

To ensure the highest level of good governance, Arohan's overall Whistleblower Policy has been determined in commensurate with the organization's core values. A summary of these values is as follows:

1. **Employee engagement** - Arohan treats its employees as a major stakeholder and hence its processes and systems are designed to ensure employee satisfaction, development and high morale.
2. **Transparency** - Arohan's products and processes are transparent to its clients such that the information communicated to them is clear, sufficient and timely in a manner and language clients can understand so that clients can make informed decisions. It is also transparent in its communication to, and transactions with and employees and all other stakeholders.
3. **Honesty and Integrity** - Led by exemplary governance, Arohan maintains high integrity in its delivery, products and processes. Arohan has zero tolerance for unethical practices. It strives to behave with honesty and integrity in all its internal and external communication, and dealings with all stakeholders.
4. **Innovation** - Arohan strives to maintain a creative culture in the organisation, where employees are encouraged to learn and innovate in their day to day work, while adhering to Arohan's standards of business and conduct. Also, product, process and business model innovation are integral to Arohan.
5. **Customer Centricity** - Since customers are considered important stakeholders, Arohan's products and processes are designed keeping customer needs and realities in mind. Arohan strives to serve customer needs in an effective and efficient manner and to behave in a dignified and respectful manner with its customers at all times.
6. **Shareholder value focus** - Arohan recognizes its shareholders to be an important stakeholder whose interests it strives to protect, and to whom it seeks to deliver value by focusing on sustainability, profitability and growth of the business.



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Definitions

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1. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company.
2. **“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, termination, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
3. **“Employee”** means (i) all the present employees and including directors who are in the employment of the Company (ii) Key Managerial Personnel as defined under relevant provisions of the Companies Act, 2013 or any amendment or modification thereof
4. **“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 Disclosures should be factual and not speculative in nature.
5. **“Subject”** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this Policy.
6. **“Whistleblower”** is someone who makes a Protected Disclosure under this Policy.
7. **“Whistle Officer”** or **“Whistle Committee”** or **“Committee”** means an officer or Committee of persons who is/are nominated/ appointed to conduct detailed investigation of the disclosure received from the whistleblower and recommend disciplinary action. Currently, the Audit Committee is nominated as Whistle Committee.
8. The Audit Committee will appoint a representative from Arohan’s Core Committee who will handle the whistle blowing instances.
9. **“Company”** means, **“Arohan Financial Services Limited”**
10. **“Good Faith”**: An employee shall be deemed to be communicating 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 employee 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.
11. **“Policy or This Policy”** means, “Whistleblower Policy.”

Scope

Various stakeholders of the Company are eligible to make Protected Disclosures under this policy. These stakeholders may fall into any of the following broad categories:

1. Employees of the Company
2. Directors
3. Employees of other agencies deployed for the Company’s activities, whether working from any of the Company’s offices or any other location
4. Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company
5. Customers of the Company
6. Shareholders of the company
7. Any other person having an association with the Company

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

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety
4. Manipulation of company data/records
5. Financial irregularities, including fraud or suspected fraud or/and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
6. Any unlawful act whether Criminal/ Civil
7. Perforation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of company funds/assets
10. Breach of Company Policy or failure to implement or comply with any approved Company Policy

Policy should not be used in place of the Company's Grievance Procedures or be a route for raising malicious or unfounded allegations against colleagues.

Guiding Principles

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

1. Ensure that the Whistle blower and/or the person processing the Protected Disclosure is not victimized for doing so
2. Treat victimization as a serious matter including initiating disciplinary action on person/(s) indulging in victimization
3. Ensure complete confidentiality
4. Not attempt to conceal evidence of the Protected Disclosure
5. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made
6. Provide an opportunity of being heard to the persons involved especially to the Subject

Anonymous Allegation

Whistle blowers must put their names to allegations as follow-up questions. Investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will ordinarily NOT be investigated.

Protection to Whistleblower

The identity of the whistleblower should remain confidential with the Committee and at no point of time it should be divulged out. However, if one raises a 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 Whistleblower's 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:

- a. The communication/ disclosure is made in good faith
- b. He / She reasonably believes that information, and any allegations contained in it, are substantially true; and

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c. He / She is not acting for personal gain

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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.

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 associate assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

Accountabilities

Whistleblowers

- a) Bring to early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern as delay in reporting may lead to loss of evidence and also financial loss for the Company.
- b) Avoid anonymity when raising a concern
- c) Follow the procedures prescribed in this policy for making a Disclosure
- d) Co-operate with investigating authorities, maintaining full confidentiality
- e) The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty Disclosures. Malicious allegations by employees may attract disciplinary action
- f) A whistle blower has the right to protection from retaliation. But this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation
- g) Maintain confidentiality of the subject matter of the Disclosure and the identity of the persons involved in the alleged Malpractice. Not maintaining the confidentiality may forewarn the accused
- h) In exceptional cases, where the whistleblower is not satisfied with the outcome of the investigation carried out by the Whistle Officer or the Committee, he/she can make a direct appeal to the MD of the Company

Whistle Officer and Committee Details

Sr. No.	Committee members (Designations)
1	Managing Director
2	Chief Financial Officer
3	Head- Compliance
4	Head- HR
5	Head- Internal Audit

- a) Conduct the enquiry in a fair, unbiased manner
- b) Ensure complete fact finding
- c) Maintain strict confidentiality
- d) Decide on the outcome of the investigation, whether an improper practice has been

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committed and if so by whom

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- e) Recommend an appropriate course of action -suggested disciplinary action, including dismissal, and preventive measures
- f) Record Committee deliberations and document the final report

Rights of a Subject

- a) Subjects have the right to be heard and the Whistle Officer or the Committee must give adequate time and opportunity for the subject to communicate his/her say on the matter
- b) 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

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.

Procedure for Reporting & Dealing With Disclosures

For more details, refer to the procedure for reporting & dealing with disclosures given in Annexure A.

Access to Reports and Documents

All reports and records associated with "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.

Retention of Documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of 07 years.

Reports

A quarterly status report on the total number of complaints received during the period, with summary of the findings of the Whistle Committee and the corrective actions taken should be submitted to the Audit Committee and MD of the Company.

Company's Powers

The Company is entitled to amend, suspend or withdraw this policy at any time. 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 Company may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance. This policy will be reviewed periodically by the Board.

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Annexure A

Procedure for Reporting & Dealing With Disclosures

How should a Disclosure be made and to whom?

1. The Audit Committee of Arohan will appoint a designated representative who is not a whole time director in the company and who will report the whistle blowing instances to the audit committee.
2. Disclosure should be made in writing to this Representative. Letters can be submitted by hand, sent by courier or by post addressed to the Whistle Officer at Head office of Arohan. Emails can also be sent to the following email id whistleblower@arohan.in
3. The Chairman of the Audit Committee will head the proceedings involving such complains.

1. Is there any specific format for submitting the Disclosure?

While there is no specific format for submitting a Disclosure, the following details MUST be mentioned:

1. Name, address and contact details of the Whistleblower (including Emp Code, if the Whistleblower is an employee).
2. Brief description of the Malpractice, giving the 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.
3. In case of letters, the disclosure should be sealed in an envelope marked “Whistle Blower” and addressed to the Representative

2. What will happen after the Disclosure is submitted?

1. The Representative will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the Disclosure constitute a Malpractice by discussing with the Audit Committee of the Company (if required). If the Representative determines that the allegations do not constitute a Malpractice, he/she will record this finding with reasons and communicate the same to the Whistleblower.
2. If the Representative determines that the allegations constitute a Malpractice, he/she will proceed to investigate the Disclosure with the assistance of the Whistle committee as he/she deems necessary. If the alleged Malpractice is required by law to be dealt with under any other mechanism, the Representative shall refer the Disclosure to the appropriate authority under such mandated mechanism and seek a report on the findings from such authority.
3. 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.
4. The investigation may involve study of documents and interviews with various individuals. Any person required to provide documents, access to systems and other information by the Representative or Whistle Committee for the purpose of such investigation shall do so.
5. Individuals with whom the Representative or Whistle Committee requests an interview for the purposes of such investigation shall make themselves available for such interview at reasonable times and shall provide the necessary cooperation for such purpose.
6. If the Malpractice constitutes a criminal offence, the Representative will bring it to the notice of the Board of Directors and take appropriate action including the option of reporting the matter to the police.
7. The Whistle Committee shall conduct such investigations in a timely manner and shall submit a written report containing the findings and recommendations to the Whistle Officer as soon as practically possible and in any case, not later than 30 days from the date of receipt of the Disclosure. The Whistle Officer may allow additional time for submission of the report based on the circumstances of the case.



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8. Whilst it may be difficult for the Whistle Officer to keep the Whistleblower regularly updated on the progress of the investigations, he/she will keep the Whistleblower informed of the result of the investigations and its recommendations subject to any obligations of confidentiality.
 9. The Whistle Officer will ensure action on the recommendations of the Whistle Committee/ Officer and keep the Whistleblower informed of the same. Though no timeframe is being specified for such action, the Company will endeavor to act as quickly as possible in cases of proved Malpractice.
3. What should I do if I face any retaliatory action or threats of retaliatory action as a result of making a Disclosure?

If you face any retaliatory action or threats of retaliatory action as a result of making a disclosure, please inform the Whistle Officer in writing immediately. He/ she will take cognizance of each and every such complaint/feedback received and investigate the same accordingly and may also recommend appropriate steps to protect you from exposure to such retaliatory action and ensure implementation of such steps for your protection. Respond within 48 hours and closure of the case by 7 days.



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