

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
[K S F E]
[CIN: U65923KL1969SGC002249]



WHISTLE BLOWER POLICY

1. PREFACE: -

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees, directors and stakeholders of the Company who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The Whistle Blower Policy (“the Policy”) has been formulated in line with the requirements under the Companies Act, 2013. The Policy provides mechanism for the directors, employees and stakeholders of the Company to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

The Policy was adopted by the Board of Directors in their meeting held **on January 24, 2019 and is effective from May 1, 2019.**

The Policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company. 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.

The objective of this policy is to identify any untoward events with the help of the employees and to take timely corrective measures so as to prevent / protect the institution at the initial stage itself. We also acknowledge that all organizations face the risk of their activities going wrong time to time, or of unknowingly harbouring malpractice. On this basis employees are encouraged to raise genuine concerns about malpractices in the workplace without fear of reprisal and the company will protect them from victimization. The company is committed to developing a culture where it is safe for all directors / employees to raise concerns about any unacceptable practice and any event of misconduct.

2. DEFINITIONS

- a) **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.
- b) **“Employee”** means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- c) **“Director”** means director on the Board of the company.
- d) **“Investigators”** mean those persons authorized, appointed, consulted or approached by the Vigilance Officer/ Chairman of the Audit Committee and include the auditors of the Company and the police.
- e) **“Disciplinary Action”** means any action that can be taken during the/completion of the investigation proceedings including but not limiting 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.
- f) **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity undertaken by the Company/ Director/any other person of the Company. Protected Disclosures should be factual and not speculative in nature.
- g) **“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.
- h) **“Whistleblower”** is an employee/ auditors/ contractors/ suppliers or agents providing service to the company making a Protected Disclosure under this Policy.
- i) **“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.
- j) **“Policy or This Policy”** means, “Whistleblower Policy.”
- k) **“The Company”** means “The Kerala State Financial Enterprises Ltd.”

3. SCOPE OF THE POLICY.

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

- i. Employees of the Company
- ii. Directors of the Company
- iii. Auditors, Contractors, suppliers or agents providing service to the Company.

Any employee or Director can choose to make a protected disclosure under the whistleblower policy of the company. Such protected disclosures shall be forwarded, when there is reasonable evidence to conclude that a violation is possible or has taken place, with covering letter, which shall bear the identity of the whistleblower. The company shall ensure protection to the whistle blower and any attempts to intimidate him/her would be treated as a violation of the policy.

The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

The policy covers malpractices and events which have taken place / suspected to take place involving;

- ✓ Abuse of authority
- ✓ Breach of contract
- ✓ Manipulation of company data / records.
- ✓ Financial irregularities including fraud or suspected fraud
- ✓ Any unlawful Act Criminal / Civil offence
- ✓ Deliberate violation of law, rules / procedures at branches/offices.
- ✓ Misappropriation and misuse of Company funds.
- ✓ Theft / misuse of company's Assets.
- ✓ Breach of company's code of conduct or rules.
- ✓ Corruption and improper transaction.
- ✓ Any corrupt practices followed at the branch / office.
- ✓ Pilferage of confidential/proprietary information.
- ✓ Acts of blatant violation to laid down systems and procedures.
- ✓ Any other unethical, biased/favored, imprudent event.
- ✓ Taking or giving bribes.

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 Vigilance Officer or the Chairman of the Audit Committee or the Investigators.

Protected Disclosure will be appropriately dealt with by the Vigilance Officer or the Chairman of the Audit Committee, as the case may be.

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

4. ELIGIBILITY

All Employees/Directors/Contractors/Suppliers/ Agents providing service to the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

5. 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 Whistleblower 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 such person/(s);
- 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.

6. DISQUALIFICATION

- a. While it will be ensured that genuine whistle blowers are accorded complete protection from any kind of unfair treatment as herein, any abuse of this protection will warrant disciplinary action.
- b. 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 be false or bogus or with a malafide intention.
- c. Whistle blowers, who make two or more protected disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious or reported otherwise than in good faith will be disqualified from reporting further protected disclosures under this policy. In respect of such whistle blowers, the Audit Committee would reserve its right to take / recommend appropriate disciplinary action, which would include reprimand.

7. PROTECTION TO WHISTLEBLOWER

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 are made in good faith.
- b. The communication is addressed to the designated officer/email id and should contain all the requisite details of whistle blower.
- c. He/ She reasonably believes that information, and any allegations contained in it, are substantially true; and
- d. 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.

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 discipline of 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.

8. INVESTIGATION

- (a) The decision to conduct an investigation taken by the designated Officer is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not necessarily support the conclusion of the Whistleblower that an improper or unethical act was committed.
- (b) The identity of a subject will be kept confidential to the extent possible, given the legitimate needs of law and the investigation. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Designated Officer. (e.g. during investigation carried out by investigators)

- (c) The investigation shall be completed normally within 60 days of receipt of the Protected Disclosure.
- (d) No allegation of wrong doing against a subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- (e) If initial/preliminary enquiries by the Vigilance Officer / authorized Officer indicate that the concern has no basis, or is not a matter to be further investigated or pursued under this policy, it may be dismissed at this stage and the decision will be documented.
- (f) Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Vigilance Officer or by such person as may be authorized or appointed by the Vigilance Officer.
- (g) Periodical report will be submitted to the Chairman of Audit Committee on the complaints and the results of investigations, if carried out.

9. PROTECTION

- (a) No unfair treatment will be meted out to a whistleblower by virtue of his/her having reported a Protected Disclosure under this policy.
- (b) The company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against whistleblowers. Complete protection will, therefore, be given to whistleblowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, 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.
- (c) The company assures that there will be no retaliatory action against any person who has reported any genuine incident of malpractices and irregularities exposed.

10. INVESTIGATORS

- (a) Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Designated Officer/Audit Committee, when acting within the course and scope of their investigation.
- (b) Technical and other resources may be drawn upon as necessary to augment effectiveness of the investigation. All investigators shall be independent and unbiased, both in fact and perceived as such. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- (c) Investigations will be launched only after a preliminary review, which establishes that;
 - i. The alleged act constitutes an improper or unethical activity or conduct, and
 - ii. Either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of

management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

- (d) It is clarified that any disciplinary or corrective action initiated against the subject as a result of the findings of an investigation pursuant to this policy shall adhere to the applicable personnel or staff conduct and disciplinary procedure.

11. ACCOUNTABILITIES – VIGILANCE OFFICER AND AUDIT COMMITTEE CHAIRMAN

- 1) Conduct the enquiry in a fair, unbiased manner
- 2) Ensure complete fact-finding
- 3) Maintain strict confidentiality
- 4) Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom
- 5) Recommend an appropriate course of action – suggested disciplinary action, including dismissal, and preventive measures and document the final report and action thereon.

12. RIGHTS OF A SUBJECT

- 1) Subjects have right to be heard and the Vigilance Officer or the Committee must give adequate time and opportunity for the subject to communicate his/her say on the matter
- 2) 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.

13. MANAGEMENT ACTION ON FALSE DISCLOSURES

Employee/directors 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 of intimation by him and for legitimate reasons or cause under Company rules and policies.

14. PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES

Refer Annexure A for details on the procedure for reporting & dealing with disclosures.

15. REPORTS

The Vigilance Officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

16. 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 eight years. The records shall be maintained at the office of the authorized person in the company under safe custody.

17. 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 Vigilance Officer and the Chairman of the Audit Committee. “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.

18. AMENDMENT

The Company reserves its right to amend or modify this policy either in whole or in part, at any time, without assigning any reason whatsoever with the approval of the Audit Committee. 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. However, no such amendment or modification will be binding on the directors and employees unless the same is notified to the Directors and Employees in advance by means of Circular. However, the amendments so made shall not be contrary to any act, rules, regulation, circular or notification issued by the Government in this behalf. The amendment shall also be published on the official website of the company.

ANNEXURE A - PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES

1. How should a Disclosure be made and to whom?

A Disclosure should be made in writing or through email.

Protected disclosures can be submitted by hand-delivery, email, courier or by post addressed to the Whistle Officer appointed by the Company. In case of protected disclosure through email, the same shall be sent only to the designated email id.

All Protected Disclosures concerning any Directors (including Managing Director) and officers at the level of DGM and above should be addressed to the Chairman of the Audit Committee of the Company for investigation.

In respect of all other Protected Disclosures, it should be addressed to the Vigilance Officer of the Company.

The protected disclosure should be forwarded under a covering letter which shall bear the identity of the whistleblower. In case of disclosure through email, covering letter with all the details of whistle blower should be sent/submitted through post, courier or by hand-delivery.

Protected Disclosures should be reported 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 Malayalam.

Protected disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow proper assessment of the nature and extent of the concern.

Anonymous/Pseudonymous disclosures will not be entertained as it would not be possible to interview the whistleblowers and it may lead to avoidable harassment and may be resorted to with ulterior motives.

The investigation reports, received by the Designated Officer shall be placed before the Managing Director for further action.

The Protected Disclosures should preferably be reported in a closed and secured envelope and should be super scribed as petition under whistleblower policy.

2. Contact details of the Vigilance Officer and Chairman of the Audit Committee?

- 1) The contact details of the Chairman of the Audit Committee are as under:

Addl. Secretary to Government,
Finance Department,
Government of Kerala,
Thiruvananthapuram.
Email: preethajsfin@gmail.com

- 2) The contact details of the Vigilance Officer are as under:

DGM I & AV
The Kerala State Financial Enterprises Ltd.
P B No. 510, Bhadratha, Museum Road,
Thrissur – 680 020.
Email: whistle.blower@ksfe.com

- 3) If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee or the vigilance officer, the same should be forwarded to the Company's vigilance officer or the Chairman of the Audit Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.
- 4) The whistle blower disclosure made through email shall be sent to the email id prescribed above.

3. 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 (add Employee ID if the Whistleblower is an employee) in the covering letter.
- 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 Vigilance Officer OR Chairman of the Audit Committee.