

## Finolex Industries Limited

### Whistle Blower Policy

## 1. Preamble

- a. Finolex Industries Limited (the “Company”) is committed to adhere to the highest standards of ethical, moral and legal principles for the purpose of ensuring efficiency in the conduct of its business operations. Any actual or potential violation of the ethics, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of ethical behavior cannot be undermined.
- b. It is required for all listed companies to establish a mechanism or an avenue known as the “Whistle Blower Policy” for all employees. It enables employees to report to the management instances of unethical behavior, actual or suspected fraud, transgression of legal or regulatory requirements or violation of the Company’s code of conduct or ethics policy.
- c. Furthermore, the Securities and Exchange Board of India in its press release no. 12/2014 dated 13<sup>th</sup> February, 2014 approved the proposal to align the provisions of the listing agreement with the provisions of the newly enacted Companies Act, 2013 which inter alia provides for a compulsory whistle blower mechanism.
- d. Pursuant to Section 177 (9) of the Companies Act, 2013 it is obligatory for the listed companies to establish a vigil mechanism for directors and employees to report genuine concerns in such a manner as may be prescribed.
- e. In addition, Section 177 (10) of the Companies Act, 2013 provides that the vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimization of director(s)/ employee(s) who use such a mechanism and make provisions for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.
- f. Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for directors and employees of the Company to approach the Chairman of the Audit Committee of the Company. The Policy is approved by the Board of Directors of the Company at its meeting held on 12<sup>th</sup> May, 2014.
- g. The Policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up any grievance about a person or official situation.

## 2. Definitions

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

- a. **Alleged Wrongful Conduct** shall mean violation of law, infringement of Company’s Code of Conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

- b. **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.
- c. **Code of conduct** means the Code of Conduct of the Company.
- d. **Directors** means directors appointed on the Board of the Company including executive, non- executive, independent and nominee directors.
- e. **Employee** means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- f. **Good faith** shall imply the absence of unethical and improper activity or any other alleged wrongful conduct forming a reasonable basis for making a protected disclosure under the Policy.
- g. **Investigators** means those person(s) or committee nominated, authorised, appointed, consulted or approached by the Chairman of the Audit Committee and includes the auditors of the Company and the police.
- h. **Protected disclosure** means any communication made in good faith that discloses or demonstrates information that may prima facie evidence unethical or improper activity or alleged wrongful conduct, which are not in the best interest of the Company.
- i. **Subject** means a person or group of persons against or in relation to whom a protected disclosure has been made or evidence gathered during the course of an investigation.
- j. **Unethical and/or Improper Activity** means an activity which does not conform to the approved standard of social and professional behavior thereby resulting in unethical business practices.
- k. **Whistle Blower or Whistle Blower's** means an employee making a protected disclosure under the Policy.

### 3. Scope

- a. The Whistle Blowers' role is that of a person reporting 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.
- b. 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 Chairman of the Audit Committee or the Investigators.
- c. Protected disclosure will be appropriately dealt with by the Chairman of the Audit Committee, as the case may be.

#### 4. Eligibility

All directors and employees of the Company are eligible to make protected disclosures under the Policy. The protected disclosures may be in relation to matters concerning the Company but not limited to;

- a. Abuse of authority
- b. Breach of contract
- c. Negligence causing substantial and specific danger to public health and safety
- d. Manipulation of the Company data/records
- e. Financial irregularities, including fraud or suspected fraud
- f. Criminal offence
- g. Pilferation of confidential/propriety information
- h. Deliberate violation of law/regulations
- i. Wastage/misappropriation of Company funds/assets
- j. Breach of code of conduct or rules
- k. Any other unethical, biased, favored or imprudent event.

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

#### 5. Disqualifications

- a. 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.
- 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 to be false or bogus or with a malafide intent.
- c. Whistle Blowers, who make three 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 the Policy. In respect of such Whistle Blowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

#### 6. Procedure

- a. All protected disclosures concerning financial/accounting matters and other protected disclosures including matters related at all levels of employment in the Company should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b. The contact details of the Chairman of the Audit Committee of the Company are as under:

**Audit Committee, Chairman,**

Finolex Industries Limited

Address : IndiQube 'The Kode' - 11<sup>th</sup> Floor, S. No. 134, Hissa No. 1/38 Baner

Pashan Link Road, Pune – 411 045, Maharashtra

Tel : +91 20 2622 6242

E-mail : [whistleblower@finolexind.com](mailto:whistleblower@finolexind.com)

- c. If a protected disclosure is received by any executive of the Company other than the Chairman of Audit Committee, the same should be forwarded to the Chairman of the Audit Committee for further action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.
- d. Protected disclosures should preferably be reported in writing so as to ensure a clear understanding of the improper activity involved or issues raised and should either be typed or written in legible handwriting in English, Hindi or the regional language of the place of employment of the Whistle Blower. The same should be transcript in English, if necessary.
- e. The protected disclosure should be forwarded with a covering letter which must bear the identity of the Whistle Blower, that is, his/ her name, employee number and location. It should be sent in a sealed envelope and clearly marked as “Protected disclosure”. The Chairman of the Audit Committee, as the case may be, shall detach the covering letter and forward only the protected disclosure to the Investigators for investigation.
- f. 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 for a proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- g. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistle Blowers.
- h. Employees can make protected disclosure to the Chairman of the Audit Committee as soon as possible but not later than 30 days after becoming aware of it. The Chairman of the Audit Committee, at their discretion, may grant additional time on a written request by the Whistle Blower. Such a written request shall specify the reason(s), if any, for the delay.

## **7. Investigation**

- a. All protected disclosures reported under this Policy will be thoroughly investigated by the Chairman of the Audit Committee of the Company who will investigate/ oversee the investigations under the authorization of the Audit Committee.
- b. The Chairman of the Audit Committee may at their discretion, consider involving any outside investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle.
- d. The identity of a subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. The Subject will normally be informed of the allegations at the outset of a formal investigation and will have the opportunity to provide any inputs during the investigation.

- f. The Subject of the investigation shall have a duty to co-operate with the Chairman of the Audit Committee or any of the Investigators during the investigation to the extent that such co-operation will not compromise or self-incriminate protections available under the applicable laws.
- g. The Subject of the investigation has a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. The Subject shall be free at any time to engage counsel at own cost to represent the Subject in the investigation proceedings.
- h. The Subject should not 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 Subject of the investigation.
- i. Unless there are compelling reasons not to do so, the Subject will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrongdoing against the Subject shall be considered as maintainable unless there is reasonable evidence in support of the allegation.
- j. The Subject has the right to be informed of the outcome of the investigation. If the 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 Company.
- k. The investigation shall be completed normally within 45 days of the receipt of the protected disclosure.

## **8. Protection**

- a. No unfair treatment will be given to a Whistle Blower by virtue of his/her having reported a protected disclosure under the Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. 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, or the like including any direct or indirect use of authority to obstruct Whistle Blower's right to continue to perform his duties/functions including making any further protected disclosures. The Company will take steps to minimize the 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 a criminal or disciplinary proceeding, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.
- b. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- c. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blowers are cautioned that their identity may become known for reasons outside the control of the Chairman of the Audit Committee (e.g. during investigations carried out by Investigators).

- d. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

## **9. Investigators**

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Chairman of the 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 the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. 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 unethical or improper 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.

## **10. Decision**

If an investigation leads the Chairman of the Audit Committee to conclude that an unethical or improper activity has been committed, the Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Chairman of the Audit Committee deems fit. 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 procedures.

## **11. Reporting**

The concerned person 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 outcome of the investigations, if any.

## **12. Retention of documents**

All protected disclosures in writing or documented along with the results of an investigation relating thereto shall be retained by the Company for a minimum period of seven years.

## **13. Review**

A quarterly report with the number of complaints received under the Policy and their outcome shall be placed by the Ethics Counselor before the Audit Committee and the Board.

#### **14. Secrecy / Confidentiality**

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

- a. maintain complete confidentiality/ secrecy of the matter.
- b. not to discuss the matter in any informal/social gathering/social media/ meeting.
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- d. not to keep the papers unattended anywhere at any time.
- e. keep the electronic mails/files under a secure password.

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

#### **15. Disclosure**

The details of establishing the whistle blower mechanism shall be disclosed on the website of the Company and in the Board's report.

#### **16. Amendment**

The Company reserves the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the employees unless the same is notified to the employees in writing.

#### **17. Annual Affirmation**

The Company shall annually affirm that it has not denied access to the Audit Committee to any person. The affirmation shall form part of the Report on Corporate Governance in the Annual Report of the Company.

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