

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

Version 2.0

Board Approval Date: June 07, 2021

Version Control

Version	Board Approval Date	Change Detail
1.0	28-11-2016	Original Draft
2.0	07-06-2021	<ul style="list-style-type: none"> • Changes in channels, process, and oversight • Renaming “Vigil Mechanism Policy” to “Whistle Blower Policy (Vigil Mechanism)”

Table of Contents

1	INTRODUCTION	4
2	OBJECTIVE	4
3	APPLICABILITY AND SCOPE	4
4	DEFINITIONS	5
5	GENERAL INTERPRETATION	7
6	GUIDELINES	7
6.1	PROCEDURE	7
6.2	REPORTING TO THE BOARD COMMITTEE	9
6.3	SECURITY AND MAINTENANCE OF CONFIDENTIALITY	9
6.4	PROTECTION TO THE WHISTLE BLOWER	9
6.5	FALSE ALLEGATION & LEGITIMATE ACTION	9
6.6	CONFLICT OF INTEREST	10
6.7	COMMUNICATION	10
6.8	RETENTION OF DOCUMENTS	10
7	AMENDMENT	10
8	REVIEW PERIOD	10
9	DISCLOSURE	10

1 Introduction

The Whistle Blower policy (Vigil Mechanism) for Aye Finance Pvt Ltd (herein after referred to as “Company”) finds its origin under Section 177(9) of Companies Act, 2013 read with rule 7 of Companies (Meeting of Board and its Powers) Rules, 2014 which makes it mandatory for every listed company and the Companies belonging to the following class or classes to establish a vigil mechanism for directors and employees to report their genuine concern or grievance.

- a) The Companies which accept deposits from the public.
- b) The Companies which have borrowed money from banks and public financial institutions in excess of fifty crore Indian rupees.

In compliance with the applicable provisions of Companies Act, 2013 and the related rules, the Company has hereby formulated this Vigil Mechanism/Whistle Blower Policy.

In our endeavour to adopt the best practices and higher standards we have also factored in RBI’s Protected disclosure scheme for Private Sector and Foreign Banks as an input to this document.

This revised policy shall be effective from the date of approval by the Board of Directors of the Company.

2 Objective

This policy empowers all executives and associated stakeholders viz. employees, directors and third parties such as suppliers, contractors, and vendors of the company, to report in good faith, any unethical, improper, or wrongful conduct or practice in the Company without the threat of intimidation or unfair treatment.

3 Applicability and Scope

This policy is applicable to all employees and directors of the company and also to third parties such as vendors and contractors of the company.

This Policy covers all malpractices and events that have taken place or suspected to have taken place including but not limited to the following:

- a) Corruption
- b) Misuse of office
- c) Nonadherence to the Code of Conduct
- d) Deliberate violation of law/ regulation
- e) Pilferage of confidential/proprietary information
- f) Criminal offences
- g) Suspected/actual fraud
- h) Financial Irregularities
- i) Any act resulting in financial loss/operational risk, loss of reputation etc.

Whistle Blower Policy should not be used as a route for raising malicious or unfounded allegations against colleagues.

4 Definitions

“Adverse Personnel Action” means an employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee’s employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves and training or other privileges.

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

“Committee” or “Vigilance Committee” is a committee consisting of Managing Director, Deputy Chief Executive Officer, Chief Risk Officer, Head- Human Resources and Head- Audit & Vigilance. Managing Director will be the chair and Chief Risk Officer will be the convener of this committee.

“Board Committee” means Audit Committee of the Board.

“Company” means Aye Finance Private Limited (hereinafter referred to as “Company”), which includes its branches/regional offices.

“Compliance Officer” means, Head- Audit & Vigilance of the Company.

“Employee” means all the present employees of the Company.

“Good Faith” means an employee / vendor 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 concerned employee / vendor does not have personal knowledge of a factual basis for the communication or where the employee / vendor knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

“Policy or This Policy” means, “Whistle Blower Policy” or “Vigil Mechanism”.

“POSH Committee” is constituted to prevent sexual Harassment at workplace. The committee shall have a woman working at a senior level as a presiding officer. And at least 50% of the committee members shall be women and one external member from non-governmental organizations (NGO) or associations committed to the cause of women or a person familiar with the issues relating to sexual harassment shall also be a member.

“Protected Disclosure” means a disclosure made by an aggrieved employee or vendor that is communicated to the recipient through mail or email.

“Third Party” means any person or entity that has business deals with the Company or has a contract with the Company such as vendors and contractors.

“Unethical and Improper Practices” shall mean –

- a) An act which does not conform to approved standard of social and professional behaviour.
- b) An act which leads to unethical business practices.

- c) Breach of etiquette or morally offensive behaviour.
- d) An act against the accepted business practices or values of the organization, etc.

“Whistle Blower” means an any executive(s) and associated stakeholder(s) viz. employees, directors, third parties who discloses in Good Faith any unethical & improper practices or alleged wrongful conduct under the provisions of this policy. The whistle blower(s) are not investigators or finders of the facts; neither can they determine the appropriate corrective or remedial action that may be warrant. The Whistle Blower’s role is that of a reporting party only.

5 General Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and any other applicable laws (including amendments) for the time being in force.

6 Guidelines

6.1 Procedure

Any employee / vendor who observes any unethical & improper practices or alleged wrongful conduct shall make a written disclosure to the Compliance Officer, promptly and preferably within 15 days of becoming aware of any alleged wrongful conduct. The disclosure should be factual and neither speculative nor in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern. It should have significant level of details. The Whistle Blower must put his/her name and contact information in the Protected Disclosure. Concerns expressed anonymously/ pseudonymously will not be considered except in exceptional circumstances where the disclosure has sufficient base of facts, contains full details and evidence, and pose a severe damage to the Company in the opinion of the Compliance Officer. If the compliant is against the Compliance Officer, a written disclosure must be made to the Managing Director or the Convener of the Vigilance committee

All Protected Disclosures can be made in the following manner:

- a) By writing an email addressing to whistleblower@ayefin.com

This email ID will only be accessed by Head- Audit & Vigilance and Convener of the Vigilance Committee.

- b) By sending a complaint letter in a sealed envelope marked “Private and Confidential” to the **Head- Audit & Vigilance** to the following address.

Head- Audit & Vigilance
 Aye Finance Pvt. Ltd.
 7th floor, Unitech Commercial Tower 2,
 Sector- 45, Gurugram, Haryana – 122003

- c) If the complaint is regarding the Head- Audit & Vigilance, a letter in a sealed envelope marked “Private and Confidential” should be sent to Managing Director or Chief Risk Officer of the company at the following address.

Managing Director/ Chief Risk Officer
 Aye Finance Pvt. Ltd.
 7th floor, Unitech Commercial Tower 2,
 Sector- 45, Gurugram, Haryana – 122003

The following process shall be followed after receipt of protected disclosure from a Whistle Blower:

1. The Compliance officer shall notify the disclosure to the Vigilance Committee within 3 business days of receiving the same.
2. Such complaints/Protected Disclosure against the Directors, including the Managing Director, shall be placed before the Board in the first available meeting.
3. The Whistle Blower should be advised within 3 business days that the complaint has been received and is being investigated.
4. The complaints lodged through this channel falling under the purview of ‘Sexual Harassment at Workplace’ will be routed to the Prevention of Sexual Harassment Committee (“POSH”) for suitable action and appropriate closure.
5. Vigilance Committee may cause an initial enquiry to be conducted as deemed appropriate given the nature of the complaint lodged and if the Committee satisfies itself that the concern has no basis, or it is not a matter to be further investigated or pursued under this Policy, it may be dismissed at this stage and the said decision will be recorded thereafter.
6. Where initial enquiries indicate that further investigation is necessary, this will be carried out by such person(s) as may be authorised or appointed by the said committee.
7. The Vigilance Committee, if deems fit, may call for further information or particulars from the Whistle Blower and at its discretion, consider involving any other/additional officer of the Company and/or Committee and/ or an outside agency for the purpose of investigation.
8. The investigation shall be completed normally within 60 days of the receipt of the disclosure by the Vigilance Committee and is extendable by such period as the Committee may deem fit.
9. The Vigilance Committee shall make a detailed written record of the Protected Disclosure and its investigations. The record will, inter alia, include:
 - a) Facts of the matter.
 - b) The financial/otherwise loss which has been incurred/would have been incurred by the Company.
 - c) Findings of the Committee; and
 - d) The recommendations of the Committee on appropriate disciplinary/other action(s), if required.
10. If the investigation leads to a conclusion that an improper or unethical act has been committed by any Director including the Managing Director of the Company, the Board of Directors of the

Company will take such disciplinary or corrective action as it may deem fit.

6.2 Reporting to the Board Committee

A quarterly report with number of complaints, if any, received under the Policy and their status/ findings of the investigation shall be placed before the Audit Committee of the board.

6.3 Secrecy and Maintenance of Confidentiality

The Whistle Blower, the compliance officer, the Vigilance Committee, and everyone involved in the process shall:

- a) Maintain complete and strict confidentiality/secretcy of the matter during the investigation.
- b) Not discuss the matter with any other person other than one required for enquiry/investigation into the matter.
- c) Not keep the papers unattended anywhere at any time; and

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

6.4 Protection to the whistle blower

- a) The company will protect Whistle Blower from Unfair Treatment 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 adopted against Whistle Blower.
- c) Whistle Blower will be protected against any unfair practice like retaliation, threat or intimidation or termination/suspension of service, disciplinary action, transfer, demotion, discrimination, any type of harassment, biased behaviour or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his/her duties/functions including making further Protected Disclosure.
- d) The company will take steps to minimize difficulties, which the Whistle Blower may experience because of making the Protected Disclosure.
- e) If a Whistle Blower makes an allegation in good faith, but if such allegation is not confirmed by the investigation, no action will be taken against the Whistle Blower.

6.5 False Allegation & Legitimate Action

An employee / vendor who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Vigilance Committee, shall be subject to appropriate disciplinary action, up to and including termination of employment.

Further, this policy may not be used as a defence by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

6.6 *Conflict of Interest*

Where any investigating official or member of the Vigilance Committee/ Board Committee has a conflict of interest in the matter, he/she shall recuse themselves and the remaining members may proceed to deal with the matter.

6.7 *Communication*

The existence and contents of this policy will be communicated to all employees of the company.

6.8 *Retention of Documents*

All documents including the Investigation reports relating to Protected Disclosures shall be retained by the company under the custody of Compliance Officer for a minimum period of 5 (five) years from the date of investigation report or as mentioned in applicable law, if any.

7 **Amendment**

This policy may be amended or modified in whole or in part, at any time without assigning any reason, whatsoever with the approval of the Board.

8 **Review Frequency**

This policy shall be reviewed as and when required or at least once annually for incorporating regulatory updates and changes, if any.

9 **Disclosure**

The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board's report.