

**SBI CARDS AND PAYMENT SERVICES PVT LTD**

**VIGIL MECHANISM POLICY**

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**1. Context:**

SBI Cards and Payment Services Private Limited (hereinafter "SBICPSL") Code of Conduct and Compliance Policy requires Directors, Officers and Employees to observe high standard of business and personal ethics in conduct of their duties and responsibilities. As Employees/Directors/Officers and representatives of the Company, they must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

The Company seeks to encourage an open, ethical and compliant culture and welcomes employees sharing their genuine concerns regarding substantive risks, wrong doing or non-compliance to help achieve this aim.

Section 177(9),(10) of the Companies Act, 2013 and rules made thereunder requires specified company to establish a vigil mechanism for Directors and Employees to report genuine concerns. It has also been prescribed that the vigil mechanism should also provide for adequate safeguards against victimization of persons who use such mechanism and should have provisions for direct access to the Chairperson of the Audit Committee in exceptional cases.

This Vigil Mechanism Policy is framed in context of these statutory requirements and to put in place an appropriate framework for this purpose.

**2. Objective:**

The purpose of the Vigil Mechanism Policy is to enable a person who observes an unethical practice/non-compliance to approach the Company without necessarily informing their supervisors, if they so choose. The policy aims to

- Provide an environment/integrity culture where every employee feels empowered to raise policy violations and integrity concerns and has the confidence that those concerns will be addressed without retaliation.
- Maintain ability for employees to raise concerns without fear: foster a productive environment.
- Ensure an objective process to investigate concerns promptly and a target average closure date of 45 days: prohibit retaliation and maintain confidentiality.
- Take prompt corrective action to fix identified compliance and other system weaknesses.
- Establish accountability for actions/closure of corrective actions.
- Ensure appropriate closure with complainant.

This Policy governs reporting and investigation of allegations of suspected serious irregularities within the Company. This Policy assures protection to the Employees/Directors/Officers raising a concern about such irregularities from

any negative consequences. In all instances the appropriate investigation process would be followed.

This Policy recognizes the possibility for leakage or abuse of information relating to complaints which may risk damaging reputations. The Policy therefore requires the strictest confidentiality to be maintained in all respects (i.e. that there is an allegation, what is alleged, who has or may have made the allegation and against whom) and by all parties. It is further clarified that the Policy neither releases Employees/Directors/Officers from their duty of confidentiality in the course of their work<sup>1</sup>, nor is it a route for taking up grievances about personal matters. Requests of a personal nature shall not be entertained through this mechanism and any complaints which are found to be motivated may lead to the invocation of disciplinary procedures as per Company policies.

This Policy should be read in conjunction with existing instructions of the Government of India issued from time to time under Companies Act, 2013 and/or any other provisions as applicable to the Company.

### **3. How Vigil Mechanism Policy helps better Corporate Governance**

This Policy seeks to improve Corporate Governance by fostering a compliant and ethical culture through:

1. Early detection of wrong doings, frauds, wastages, illegal activities and significant risks;
2. Bringing in an extra check on compliance with Code of Conduct and applicable laws.

To this intent, genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment.

### **4. Effective Date: 30-07-2015.**

### **5. Definitions:**

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

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<sup>1</sup> In the Company, all employees are under an obligation not to make any unauthorized use or disclosure during or subsequent to his employment of any knowledge or information of an unpublished confidential or proprietary nature respecting SBICPSL and SBICPSL's customers and/ or their service providers or their designs, methods, systems, improvements, trade secrets or other private or confidential matter of SBICPSL and its customers, generated or acquired by him/her during the course of his/her employment.

Capitalized terms not defined herein shall have the meaning assigned to them under the Code.

- a. **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company.
- b. **"Employee"** means all employees of the Company including a trainee and persons on contract (whether working in India or abroad) and deputees.
- c. **"Code"** means the Code of Conduct of the Company.
- d. **"Director"** means directors of the Company as appointed under the provisions of the Companies Act 2013.
- e. **"Company"** means SBI Cards And Payment Services Private Limited.
- f. **"Compliance Officer"** means the Chief Compliance Officer/Compliance Head of the Company.
- g. **"Investigators"** means those persons authorized, appointed, consulted or approached by the Compliance Officer/Chairman of the Audit Committee/JV Steering Committee.
- h. **"Whistle Blower"** means an employee/ Directors on Board of the Company or Officers in the employment of the Company raising a concern/allegation under this Policy. The whistleblower's role is that of a reporting party. Whistleblowers are not investigators or finder of facts; neither can they determine the appropriate corrective or remedial action that may be warranted.

#### **6. Applicability of the Policy:**

All employees and Directors of the Company are covered under this policy. If any Whistle Blower observes malpractices or events mentioned herein below he/she may without any fear of retribution blow the whistle and raise an alarm. The Policy presumes that all SBICPSL Employees/Directors/Officers will follow the Code of Conduct/Compliance Policy of the Company as may be applicable.

#### **Coverage & Malpractices and events:**

1. Breach of SBICPSL Compliance Policy /Code of Conduct/ any other Policies of the Company.
2. Misuse/abuse of official position/ authority including but not limited to:
  - a) discrimination
  - b) harassment
  - c) conflict of interest (abuse or wrongful non-disclosure)
  - d) transactions with related parties (abuse or wrongful non-disclosure)

- e) illegal payments.
3. Corruption;
4. Misuse/abuse of official position;
5. Manipulation of Company data/records.
6. Financial irregularities, including fraud, or suspected fraud.
7. Deliberate violation of law/regulation.
8. Breach of contracts
9. Negligence causing substantial and specific danger to public health and safety
10. Criminal offence
11. Any other act/matter which affects the interest of the Company adversely and has the potential to cause financial or reputational loss to the Company

Exclusions: Decision taken by the Board/Committees established by the Company and policy decisions of the Company shall be outside the provisions of this Policy.

The provisions of this Policy shall be in addition to, and not in derogation of, the provisions of any other Policy of the Company for the time being in force.

#### **7. Reporting Mechanism:**

1. All concerns/allegations should be addressed to the Compliance Officer of the Company for investigation.

The contact details of the Compliance Officer are:

Email: [rinku.sharma@sbicard.com](mailto:rinku.sharma@sbicard.com)

Internal courier addressing to: The Compliance Officer, SBICPSL, Infinity Tower C, DLF Cyber City, Gurgaon

2. In case, the Whistle Blower has reason to believe that the concern / allegation is against the Compliance Officer, the complaint can be addressed to Chief Executive Officer of the Company. The contact details of CEO are:

Email: [sbicards.ceodesk@sbicard.com](mailto:sbicards.ceodesk@sbicard.com)

Internal courier addressing to: CEO, SBICPSL, Infinity Tower B, DLF Cyber City, Gurgaon

3. In exceptional circumstances, the allegation may be sent to the Chairperson of the Audit Committee. The contact details of Chairperson of the Audit Committee are:

Email: chairmanacb@sbicard.com

Internal courier addressing to: Audit Committee Chairman through CEO, SBICPSL, Infinity Tower B, DLF Cyber City, Gurgaon.

4. The concern / allegation should preferably be reported in writing via e-mail so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English. Alternatively, concern / allegation can also be reported by phone.
5. The concern / allegation should be forwarded under a covering letter along with a proof of identity of the Whistle Blower. Where concern is raised over telephone necessary information for verification of identity should be given. The Compliance Officer or other recipient of the concern / allegation, as the case may be, shall detach the covering letter and proof of identity and forward only the concern / allegation to the JV Steering Committee for further action on the complaint. In case, the identity of Whistle Blower cannot be ensured, the complaints will be treated as anonymous/pseudonymous complaints and will not attract further action.
6. The concern / allegation 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 proper assessment of the nature and extent of the concern. Where possible, the report should describe the nature of the suspected violation; reasons for believing there is a serious wrong-doing; the identities of persons involved in the suspected violation; whether matter has already been reported and if so to whom and the outcome; a description of documents that relate to the suspected violation; who to contact for more information and the time frame during which the suspected violation occurred.
7. All allegations received shall be enquired under the supervision of the JV Steering Committee and reported to the Audit Committee.

#### 8. JV Steering Committee

The JV Steering Committee of the Company shall comprise of

1. Chief Executive Officer
2. Compliance Officer
3. HR Leader
4. Legal Head

The JV Steering Committee shall review the concern / allegation, decide on enquiries / investigation to be made in the preliminary stage to validate and assess the allegation, identify the person(s) who shall carry this out and in what time frame. This Committee shall consider the findings of the preliminary enquiries / investigations and recommend future course of action.

In case of any complaint relating to any director/CEO of the Company, the matter shall be referred directly to the Chairperson of the Audit Committee and the Audit Committee shall decide and provide for the enquiries / investigation to be made and assess the allegation. The Director named in the allegations shall recuse himself/herself from the proceeding of the Committee.

### **9. Investigation Process**

The decision to make enquiries or conduct an investigation is not an accusation and shall be done as a neutral fact finding process and with all reasonable efforts to maintain confidentiality. The outcome of the investigation may or may not support a conclusion that an unethical act was committed and, if so, by whom.

All concerns/allegations reported under this Policy will be promptly and thoroughly investigated.

1. The identity of the Whistle Blower should be maintained in confidence and should not be disclosed even to the investigators unless required for investigation. In case additional information is required to be collected from the Whistle Blower, it should be obtained through Compliance Officer.
2. On receipt of complaint, the Compliance Officer will inform the JV Steering Committee members and take other necessary action to address the complaint within 7 days of the receipt of the complaint.
3. In case any member of the Committee is travelling, other members will hold the meeting provided that at least two members are physically present. Other member(s) may participate by teleconference.
4. The JV Steering Committee members shall make an assessment, or decide on enquiries / investigation to be made in the preliminary stage to validate and assess the allegation, identifying the person(s) who shall carry this out.
5. The JV Steering Committee shall continue to monitor the enquiries/investigation, using such internal or external resources as considered appropriate, and shall also consider the outcome of such enquiries/investigations, making recommendations for final resolution/closure/action.



6. In case the disclosure made does not have any specific and verifiable information, the Compliance Officer will be authorized not to take any action. This would be suitably recorded and placed before the Audit Committee.
7. The Company reserves the right, and may have a legal obligation, to refer any concerns or complaints regarding malpractices to appropriate external regulatory or statutory authorities.
8. For certain matters, such as allegations of material frauds or misstatements in the accounts, the Chief Financial Officer or the Chairperson of the Audit Committee may inform and consult the statutory auditors at the appropriate stage, if required.
9. No investigation shall arrive at an adverse finding against anybody without giving them a full and fair opportunity to be heard and to present evidence in their defense. No allegation of wrong doing against a Staff Member/Director/Officer shall be considered sustained unless at a minimum, a preponderance of the evidence supports the allegation. This does not however limit in any way SBICPSL's right to hand over an investigation to an appropriate regulatory/statutory authority where this is deemed appropriate.
10. Depending upon the nature of disclosure and its gravity, the Compliance Officer will take a view to take up investigation on a priority basis and fix shorter time frame for its completion.
11. All Employees/Directors/Officers have a duty to cooperate in the investigation of concerns/allegations reported and shall be subject to strict disciplinary action up to and including immediate dismissal, if they fail to cooperate in an investigation, or deliberately provide false information during an investigation.
12. Each enquiry/investigation shall be completed by the nominated/appointed investigators as soon as is reasonably possible, ordinarily at an average of 45 days from the receipt of concern/allegation. In case the same cannot be completed within the stipulated period, an interim report should be submitted giving, inter-alia, the tentative date of completion further the status of the same should also be reported to the Audit Committee until the final closure.
13. Every Whistle Blower shall have access to the Chairperson of the Audit Committee.
14. The action taken against the subject/employee as stated in this Policy will be in addition to any other action or prosecution which may be initiated against said subject/employee under any statute or law in force.

15. If, at the conclusion of its investigation, the Company determines that a violation has occurred or the allegations are substantiated, the Company will take remedial / disciplinary action as the case may be. The Company will take reasonable and necessary measures to prevent any further violations which may have resulted in a complaint being made.
16. All complaints received during a quarter shall be reported to the Audit Committee in its ensuing meeting.
17. Employees/Directors/Officers have a responsibility not to interfere with the investigation and to adhere to admonitions from investigators in this regard. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached or intimidated.

#### **10. Protection to Whistle Blowers**

The Company will protect the confidentiality of the complainants and their names/identity will not be disclosed except as statutorily required under law.

- a. No adverse penal action shall be taken or recommended against any employee in retaliation to his disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. It will be ensured that the Whistle Blower is not victimized for making the disclosure.
- b. In case of victimization in such cases, serious view will be taken including disciplinary action on such persons victimizing the Whistle Blower.
- c. Identity of the Whistle Blower will not be disclosed to investigating official unless required for investigation.
- d. If any person is aggrieved by any action on the ground that he is being victimized due to the fact that he had filed a complaint or disclosure, he may report the same to the Audit Committee seeking redressal in the matter.

#### **11. Review of Status Report**

Functioning of the scheme will be reviewed by the Audit Committee at quarterly basis.

The Compliance Officer shall submit a status report to the Audit Committee and any other information relating to the disclosures received under the Whistle Blower Policy on quarterly basis. The status report would include the following:

- a. The status of the disclosure received during the present and prior period and action taken thereon.

- b. The special areas which need focused attention.
- c. The nature of complaint made and their function wise distribution.

The Audit Committee may take such corrective measures to prevent recurrence of such events in future.

#### **12. Remedies & Discipline:**

If the Audit Committee/JV Steering Committee determines that non-compliance has occurred or a Malpractice is proved, it will take the following action to correct it:

1. Any person found guilty under investigation will be subjected to disciplinary action up to and including termination of employment.
2. During the investigation period or at any time thereafter, if any Employees/Director/Officer is found to be (a) retaliating against the Whistle Blower, (b) coaching witnesses, or (c) tampering with evidence, then it would lead to severe disciplinary action including termination of employment.

#### **13. Confidentiality & Protection:**

The Company will protect the confidentiality of the complainants and their identity. The issues raised by the Whistle Blowers shall be kept confidential by the JV Steering Committee and the enquiry team. No action shall be taken against an Employee/Director/Officer who makes any disclosure in good faith. The JV Steering Committee's decision shall be recorded providing a summary of concern, the date it was raised, the investigator assigned, periodic updates, the findings, the date of closure of the case and corrective action taken, if any and records shall be maintained by Compliance Officer for a period of seven years.

**The Whistle Blower of a concern/allegation shall be entitled to the following protections:**

- (i) To the extent possible within the limitations of the law and requirements of the investigation, the identity of the Whistle Blower shall be kept confidential by the JV Steering Committee, investigator(s) and the Audit Committee and shall not be disclosed unless such disclosure is necessary for proper investigation. Any such disclosure, if made, for the purpose of a proper investigation shall carry with it a caveat of secrecy and non-disclosure by the recipient, so that any further unauthorized disclosure by such person of the identity of the Whistle Blower shall constitute a breach of the Code of Conduct, applicable to such person; and

- (ii) Protection of the Whistle Blower against victimization. The Company assures that any genuine Whistle Blower shall not be victimized and has set up appropriate processes to ensure this.

**14. Disqualifications from protection:**

- 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 any false or bogus allegation made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intention.
- c. This policy does not protect an employee from an adverse action which occurs independent of his/her disclosure under this policy or for alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.

**15. Implementation of the Policy**

**A copy of the policy shall be uploaded on the website of the Company, the Compliance officer and HR Leader will ensure that the Policy is known to all the employees and shall be responsible for the implementation of the policy**

**16. Amendment**

The policy shall be reviewed annually or at earlier intervals, if necessary. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the policy until the policy is reviewed and approved next time.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations or laws the provisions of such law, legislation, rules, regulation or enactment shall prevail over this Policy.