HARYANA FINANCIAL CORPORATION
(Constituted under the State Financial Corporations Act, 1951)

VIGIL MECHANISM / WHISTLE BLOWER POLICY of HFC

1. Preface

Haryana Financial Corporation (hereinafter referred to as "HFC"), constituted under the State Financial Corporations Act, 1951, is committed to conducting its affairs in a fair, transparent, and ethical manner.

In line with the principles of corporate governance, integrity and accountability, HFC has adopted this Vigil Mechanism / Whistle Blower Policy ("Policy") to establish a mechanism through which Directors, Employees and stakeholders may report genuine concerns regarding unethical behaviour, actual or suspected fraud, corruption, abuse of authority, financial irregularities, violation of applicable laws, misuse of the Corporation's assets or resources, breach of the Corporation's Code of Conduct or any other improper practices without fear of retaliation and ensures that disclosures are investigated fairly and impartially. The Policy aims to encourage responsible whistle blowing, facilitate fair investigation of Protected Disclosures and provide adequate safeguards against victimisation of persons making such disclosures.

This Policy is formulated in compliance with Regulation 22(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), which mandate the establishment of a vigil mechanism (whistle blower policy) for directors and employees.

2. Policy

This Policy constitutes the Vigil Mechanism of the Corporation in accordance with Regulation 22 of the SEBI (LODR) Regulations, 2015, read with Section 177 of the Companies Act, 2013.

This Policy shall not be used as a substitute for the normal grievance redressal mechanism relating to service matters or personal employment disputes, unless such grievances involve unethical conduct, fraud or any matter covered under this Policy.

3. Definitions

Key terms used in this Policy are defined as follows:-

i. *"Disciplinary Action"*: Any action that can be taken on the completion of/during the investigation proceedings, including but not limited to a warning, imposition of a fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
ii. *"Employee"*: Every employee of HFC, whether permanent, contractual, temporary, or engaged through agencies.
iii. *"Director"*: Any member of the Board of Directors of HFC.
iv. *"Good Faith"*: A disclosure made with an honest and reasonable belief that the information disclosed is substantially true. Good Faith shall be deemed lacking where the person making the disclosure knowingly makes a false, frivolous or malicious allegation or has no reasonable basis for believing the information to be true.
v. *"Protected Disclosure"*: Any communication made in good faith by the whistle blower that discloses or demonstrates information that may indicate evidence towards unethical or improper activity. Protected Disclosures should be factual and not speculative in nature.
vi. *"Subject"*: 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.
vii. *"Whistle Blower"*: A person making a Protected Disclosure under this Policy. Whistle Blower or complainant could be any Director or any Employee or other stakeholder of the Corporation.
viii. *"Vigilance Officer"*: An officer appointed by the Corporation, who will be authorised to receive all complaints under this Policy and ensure the appropriate action.
ix. *"Audit Committee"*: The committee of the Board constituted under Regulation 18 of the SEBI (LODR) Regulations, 2015, which oversees the vigil mechanism.
x. *"Competent Authority"*: It means the Managing Director or such authority as may be authorised by the Board for the purpose of administering this Policy.
xi. *"Vigil Committee"*: A committee comprising the Vigilance Officer, the Chief Financial Officer, and the General Manager (Finance) of the Corporation.
xii. *"Fraud"* in relation to affairs of a Corporation or any body Corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any

other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the Corporation or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.

4. Scope

All Directors, Employees and other stakeholders of the Corporation are eligible to make "protected disclosures" under the Policy in relation to matters concerning the Corporation.

5. Coverage of Policy

The information on suspected wrongful conduct should be such information which is intended to cover serious concerns that could have a large impact on the Corporation, such as actions that:-

i. Abuse of Authority
ii. Breach of Code of Conduct and Breach of contract
iii. Negligence causing substantial and specific danger to public health and safety
iv. Manipulation of Corporation data/records
v. Financial irregularities, including fraud, or suspected fraud
vi. Pilferation of confidential/proprietary information and Leakage of Unpublished Price Sensitive Information (UPSI)
vii. Deliberate violation of law/regulation and Criminal offence
viii. Wastage/misappropriation of Corporation funds/assets
ix. Any other unethical, biased, favoured, imprudent event

amount to serious improper conduct, including any kind of harassment (sexual or otherwise). The above list is only illustrative and should not be considered as exhaustive.

6. Disqualifications

i. 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 against him.
ii. 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 mala fide intention.
iii. Whistle Blowers, who make any protected disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted.

7. Investigation

i. A Whistle Blower can make a Protected Disclosure as soon as possible after becoming aware of the suspected or actual frauds and embezzlement, illegal, unethical behaviour, or violation of the code of conduct or ethics, etc.
ii. Whistle Blower must put his/her name to allegations. Concerns expressed anonymously will not be investigated, but subject to the seriousness of the issue raised, investigation may be initiated independently.
iii. If initial enquiries by the Corporation indicate that the concern has no basis, or it is not a matter to be investigated under this Policy, it may be dismissed at this stage, and the basis for such dismissal will be recorded, and such decision will be documented.
iv. Where initial enquiries indicate that further investigation is necessary, a detailed investigation shall be undertaken.

8. Documentation and Investigation Report

i. A written report of the findings shall be prepared. The record would include:-
   a) Facts of the Matter;
   b) Whether the Protected Disclosure was raised previously by anyone or not, and if made, the outcome thereof;
   c) Whether any Protected Disclosure was raised previously against the same Investigation subject;
   d) The financial/ otherwise loss which has been incurred / would have been incurred by the Corporation;
   e) The recommendations of the Vigil Committee on disciplinary/other action/(s).

ii. The Vigilance Officer shall be the Nodal Officer for receiving the complaints and maintaining the record of all the complaints received under the Vigil Mechanism and shall put up all the complaints before the Vigil Committee on a weekly basis.
iii. The Vigilance Officer shall acknowledge receipt of all Protected Disclosures reported under this Policy as soon as practical (preferably within 07 working days of receipt of a Disclosure).
iv. The Vigil Committee shall prepare the report on findings and submit to the Managing Director, who shall discuss the matter & may:-
    a) In case the Protected Disclosure is proved, take such disciplinary action as the Managing Director may think fit and take preventive measures to avoid reoccurrence of the matter;
    b) In case the protected disclosure is not proved, extinguish the matter and take note of the same;
    c) Depending upon the seriousness of the matter, the Managing Director may refer the matter to the Audit Committee with proposed disciplinary action/countermeasures. In case the Audit Committee thinks that the matter is too serious, it can further place the matter before the Board with its recommendations. The Board may decide the matter as it deems fit.
    d) In case of repeated frivolous complaints being filed by a director or an employee, the Audit Committee may take suitable action against the concerned director or employee, including reprimand.
    e) In exceptional cases, where the Whistle Blower feels victimised, he/she can have direct access to the Chairperson of the Audit Committee.

9. Protection

In accordance with Regulation 22 of SEBI (LODR) Regulations, 2015, the vigil mechanism shall provide adequate safeguards against victimisation of directors, employees, or any other person who avails of the mechanism and shall also provide for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

i. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
ii. The Corporation, as a policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against the Whistle Blower. 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, discrimination, any type of harassment, biased behavior including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further protected disclosure.
iii. 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.
iv. The Corporation will take reasonable steps to protect the Whistle Blower against victimisation or retaliation, if any, which the Whistle Blower may experience as a result of making the protected disclosure.
v. The identity of the Whistle Blower shall be kept confidential.
vi. Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.
vii. Where a Protected Disclosure relates to the Vigilance Officer, the complaint shall be submitted directly to the Chairperson of the Audit Committee or the Competent Authority, who shall nominate another officer to investigate the matter. Any member of the Audit Committee or the Vigil Committee having a conflict of interest in relation to a Protected Disclosure shall recuse himself/herself from the investigation, deliberations and decision-making relating thereto.

10. Decision

If malpractice is established, the Vigilance Officer shall submit an investigation report containing findings and recommendations to the Competent Authority/Audit Committee for appropriate disciplinary, corrective or preventive action, in accordance with HFC Staff Regulations, Service Rules, or applicable laws.

11. Reporting

The Vigilance Officer shall submit periodic (at least quarterly) reports to the Audit Committee containing the number of complaints received, disposed of, pending, investigations undertaken and action taken.

12. Retention of Records

All disclosures and related investigation records shall be retained for a minimum of eight (8) years, or such longer period as may be required under applicable law, in line with SEBI requirements and governance practices.

13. Confidentiality

The complainant, Vigilance Officer, Members of Audit Committee, the Investigation Subject and all persons involved in the process shall maintain confidentiality of all matters under this Policy, and shall disclose information only to authorised persons as required under this Policy or where required by law for completing the process of investigations and keep the papers in safe custody.

14. Accountability of Directors/Employees

i. Bring to the early attention of the Corporation any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern.
ii. Avoid anonymity when raising a concern.
iii. Co-operate with investigating authorities, maintaining full confidentiality.
iv. The intent of the policy is to bring genuine and serious issues to the fore, and it is not intended for trivial or frivolous complaints. Malicious allegations by employees may attract disciplinary action.
v. A complainant has the right to protection from retaliation. But this does not extend to immunity for complicity in the matters that are the subject of the allegations and investigation.

15. Accountability of Vigilance Officer

The Vigilance Officer shall:-

i. Ensure that the policy is being implemented.
ii. Ascertain prima facie the credibility of the charge. If the initial inquiry indicates further investigation is not required, close the issue.
iii. Acknowledge receipt of the concern to the complainant.
iv. Ensure that necessary safeguards are provided to the complainant.
v. Conduct the inquiry in a fair and unbiased manner.
vi. Ensure complete fact-finding and Maintain strict confidentiality.
vii. Where further investigation is indicated, carry this through by appointing a Committee if necessary.
viii. Submit findings and recommendations to the Competent Authority of the investigation, whether an improper practice has been committed and if so by whom.
ix. Recommend an appropriate course of action - suggest disciplinary action, including dismissal and preventive measures.
x. Minute of deliberations and document the final report.

16. Interpretation

In the event of any inconsistency between this Policy and any applicable law, rule, regulation or statutory guideline, the provisions of such law, rule, regulation or guideline shall prevail. Any clarification regarding interpretation of this Policy shall be made by the Board or the Competent Authority, as may be authorised by the Board.

17. Amendment

HFC reserves the right to amend or modify this Policy in line with regulatory changes, subject to approval of the Board. Employees, Directors and other Stakeholders shall be duly informed of any amendments made to this Policy.
