
WHISTLE BLOWER POLICY

(As approved by the Board of Directors on 24th September 2014)

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TERMS OF REFERENCE

1. Preface

- 1.1 SUNDARAM – CLAYTON LIMITED (“**SCL**”) has always been committed to conduct its affairs in fair and transparent manner in accordance with the applicable laws. In light of this, the Company has adopted the Code of Conduct and Ethics (“**Code**”) which lays down the principles and standards for governing the actions of SCL and its directors and employees. Any actual or potential violation of them, howsoever insignificant or perceived as such, will be a matter of serious concern. Therefore, the role of directors and employees of SCL in pointing out such violations cannot be undermined.
- 1.2 Clause 49 of the listing agreement executed between the Stock Exchanges and listed companies (“**Listing Agreement**”) has been amended which is effective from 1 October 2014, inter alia, provides for mandatory requirement for all listed companies to establish a Whistle Blower Policy (“**Policy**”) for SCL’s stakeholders including its employees or employee representative bodies and Director(s) to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s Code.
- 1.3 Accordingly, the Policy has been formulated with a view to provide a mechanism for stakeholders of SCL to report their genuine concerns or grievances concerning violations of any legal or regulatory requirements either under the applicable statutes / the provisions of the Code including incorrect or misrepresentation of any financial statements, reports, disclosures etc.

2. Objective

- 2.1 SCL is committed to adhere to the highest standards of ethical, moral and legal conduct of its business operations. To adhere to these standards, SCL encourages its directors and employees, who have concerns about any suspected contravention or defiance or violation, to come forward and express these concerns, without fear of any punishment or unfair treatment.
- 2.2 This Policy, therefore, aims at providing an avenue for directors and employees to raise concerns of any violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements, reports, disclosures etc.

3. Definitions

The definitions of some of the key terms used in this Policy are given below. Capitalised terms not defined herein shall have the meaning assigned to them under the Code.

- 3.1 “**Act**” means the Companies Act, 2013, as amended from time to time, and any rules framed thereunder.
- 3.2 “**Audit Committee**” means the audit committee of the Board of SCL constituted in accordance with Section 177 of the Companies Act, 2013 and the Listing Agreement, from time to time.
- 3.3 “**Board**” means the board of directors of SCL.
- 3.4 “**Code**” means the SCL Code of Conduct & Ethics as approved by the Board.
- 3.5 “**Director(s)**” means a director of the Board.
- 3.6 “**Delinquent**” means a person against or in relation to whom a Protected Disclosure, hereinafter defined, has been made or evidence gathered during the course of any investigation.
- 3.7 “**Employee(s)**” means every employee of SCL.
- 3.8 “**Investigator(s)**” means person(s) authorized, appointed, consulted or approached by the chairman of the Audit Committee.
- 3.9 “**Protected Disclosure(s)**” means any communication made in good faith that discloses or demonstrates information that may indicate any violation or unethical or improper activity in SCL.
- 3.10 “**Whistle blower(s)**” means SCL’s stakeholder(s) including employees or employee representative bodies and Director(s) making a Protected Disclosure in terms of this Policy.

4. Scope

- 4.1 This Policy is an extension of the SCL Code. A Whistle blower’s role is that of a reporting party with reliable information that may form Protected Disclosure(s). The Whistle blower(s) is not required or expected to act as investigator(s) or finder(s) of facts, nor would he/she determine the appropriate corrective or remedial action that may be warranted in a given case.
- 4.2 Protected Disclosure will be appropriately dealt with by the chairman of the Audit Committee or the Investigator(s), as the case may be, and the Whistle Blowers shall not act on their own in conducting any investigative activities, nor shall they have a right to participate in any investigative activities other than as requested by the chairman of the Audit Committee or the Investigators.

4.3 The Policy covers malpractices and events which have taken place/ suspected to take place involving:

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety
4. Manipulation of company data/records
5. Financial irregularities, including fraud or suspected fraud or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
6. Any unethical behaviour, actual or suspected fraud, unlawful act whether Criminal or Civil
7. Pilferation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of company funds/assets
10. Indulging in sexual harassment
11. Breach of Company's Policy or failure to implement or comply with any approved Company Policy

Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against directors / employees of the Company.

5. Eligibility

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:

1. Directors and Employees of the Company
2. Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company
3. Customers of the Company

A person belonging to any of the above mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.

6. The Guiding Principles

To ensure adherence to this Policy and provide assurance that serious action will be taken against the matters reported, the Company shall:

- 6.1 Ensure that the Whistle blower(s) and / or any other person processing the Protected Disclosure is not victimized for doing so;

- 6.2 Treat victimization of the Whistle blower(s) and / or any other person as a matter of serious concern and conduct a strict disciplinary action against the person(s) responsible for victimization;
- 6.3 Ensure complete confidentiality of the Protected Disclosure(s) made by the Whistle blower(s).
- 6.4 Not and not make an attempt to conceal any and all the evidence submitted along with or in relation to the Protected Disclosure(s);
- 6.5 Take strict disciplinary action against any person responsible for / assisting in destroying or concealing the evidence or making an attempt to destroy or conceal evidence; and
- 6.6 Provide a fair hearing to all the persons involved in the matter being investigated.

7. Anonymous Allegation(s)

Whistleblower(s) must put their names to allegations as the Investigator(s) may have follow-up questions and queries which may not be possible unless the source of the information / Protected Disclosure(s) is identified. Any disclosure(s) expressed anonymously will ordinarily NOT be investigated.

8. Disqualifications

- 8.1 The Board shall ensure that genuine Whistle blower(s) be accorded a complete protection from any kind of unfair treatment and any abuse of such protection shall entail serious actions under the disciplinary policies of SCL as well as under the applicable laws.
- 8.2 The Whistle blower(s) shall not be entitled to protection under this Policy in accordance with Clause 8.1 above in the event that the Whistle blower(s) wilfully makes false or bogus or mischievous allegation(s) knowing it / them to be false or bogus or mischievous or with a *mala fide* intention.
- 8.3 Any Protected Disclosures that have been subsequently found to be made with *mala fide* intention(s) or Whistle blower(s) who has / have made more than 2 (two) Protected Disclosure(s) which, on investigation, have been found to be untrue, frivolous, baseless or reported otherwise than in good faith, shall be disqualified from reporting Protected Disclosure(s) at a future, under this Policy.

9. Procedures

- 9.1 All Protected Disclosure(s) reported under this Policy shall be addressed to the chairman of the Audit Committee for investigation. If the Protected Disclosure is addressed to any other officer or executive of SCL, such officer or executive shall forward Protected Disclosure(s) to the chairman of Audit Committee.

- 9.2 The Protected Disclosure(s) shall be reported in writing and should be written (in legible handwriting) or typed either in English or in the regional language of the place of employment of the Whistleblower(s). The contact details of the chairman of the Audit Committee are as under:

Vice Admiral P J Jacob (Retd.)

Sundaram – Clayton Limited

“Jayalakshmi Estates”

No. 29, Haddows Road

Chennai – 600 006

E mail id: wbm@scl.co.in

- 9.3 The Whistle blower(s) shall address the Protected Disclosure(s) under a covering letter which shall bear the identity of the Whistle blower(s).
- 9.4 The covering letter shall be detached by the chairman of the Audit Committee prior to sharing the same with the Investigator(s) for further investigation.
- 9.5 The Protected Disclosure(s) shall contain factual and specific details rather than speculative or conclusive information for proper assessment and investigation of the concern raised in the disclosure(s).

10. Investigation

- 10.1 All Protected Disclosure(s) reported under this Policy shall be investigated by the chairman of the Audit Committee. The Chairman of the Audit Committee shall investigate / oversee the investigation pertaining to the Protected Disclosure(s) addressed to him under the authorization and supervision of the Audit Committee.
- 10.2 The chairman of the Audit Committee may at his discretion, consider involving an Investigator(s) for the purpose of conducting investigation in relation to the Protected Disclosure(s) addressed to him.
- 10.3 The identity of the Delinquent and the Whistleblower(s) shall be kept confidential by the Board and any person involved in the investigation(s), to the extent possible, subject to applicable laws.
- 10.4 Delinquent shall be informed about the allegations and the ensuing investigation against them at the outset. Further, they shall be given an opportunity for providing their inputs during the investigation.
- 10.5 The Delinquent shall co-operate with chairman of the Audit Committee or Investigator(s), if any, during investigation process.
- 10.6 The Delinquent shall have a right to consult any person(s) of their choice; however, such person(s) cannot be any Investigator(s) and / or members of the Audit Committee and / or the Whistleblower(s).

- 10.7 Delinquent shall be entitled to engage counsel of their choice, at their own cost, to represent them during the investigation proceedings. In the event that the allegations against the Delinquent are not sustainable and tenable, SCL may see a reason to reimburse such costs as long as they are not prohibitive under the Code.
- 10.8 Delinquent shall not interfere with the investigation being conducted by the chairman of the Audit Committee. Further, no evidence shall be withheld, destroyed or tampered and no witnesses shall be influenced, tutored, threatened or intimidated by the Delinquent or any other person, prior to or during the investigation process.
- 10.9 The chairman of the Audit Committee shall make best efforts to complete an investigation within 45 (forty five) days from the receipt of the Protected Disclosure(s).

11. Protection

- 11.1 No unfair treatment shall be meted out to a Whistleblower(s) for having reported a Protected Disclosure(s) under this Policy.
- 11.2 SCL, as its policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice against the Whistleblower(s). SCL and its Board shall provide complete protection to the Whistleblower(s) against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion, coercive or distress action including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his official duties / functions including making further Protected Disclosure(s).
- 11.3 A Whistleblower(s) may report any violation of the aforesaid provisions to the chairman of the Audit Committee. The chairman of the Audit Committee shall investigate the reported violation and recommend suitable action to the Board against person(s) found responsible for the violation of the aforesaid provisions.
- 11.4 The identity of the Whistle blower shall be kept confidential to the extent possible and permitted under law. Any other Employee/Director assisting the Investigation shall also be protected to the same extent as the Whistleblower.
- 11.5 Any Employee(s) / Director(s) assisting in the investigation shall also be protected under the aforesaid provisions to the same extent as the Whistleblower(s) who made the Permitted Disclosure(s).

12. Decision

- 12.1 If an investigation leads the chairman of the Audit Committee to conclude that an improper or unethical act has been committed, he shall recommend to the Board or Chairman and Managing Director to take such disciplinary or corrective action as he may deem fit given the circumstances of the case.

- 12.2 It is clarified that proceedings of disciplinary / corrective nature initiated against the Delinquent as a result of findings of an investigation pursuant to this Policy shall be subject to the procedures laid out in the Code and shall be adopted / followed for regulating the conduct of erring or delinquent personnel / staff of SCL.

13. Reporting and Secrecy

- 13.1 The chairman of the Audit Committee shall submit a report to the Board on a regular basis about all Protected Disclosure(s) referred to him since the last report together with the results of investigations, if any.
- 13.2 The Whistleblower(s), the Delinquent, the chairman of the Audit Committee, the Investigator(s) and every person involved in the investigation process shall:
- (a) maintain complete confidentiality / secrecy of the matter being investigated;
 - (b) not discuss the matter being investigated in any informal / social gatherings / meetings;
 - (c) discuss only to the extent or with the persons required for the purpose of completing the investigation process;
 - (d) not leave any papers pertaining to the investigation unattended at any time; and
 - (e) keep the electronic mails / files relating to the matter under password protection

If any person is found to be in violation of this Clause 13, he / she shall be held liable for such disciplinary action as considered fit by the Board.

14. Retention of Documents pertaining to Whistle Blower Policy

All Protected Disclosure(s) along with other supporting documents and results of investigation relating thereto shall be preserved by SCL for a minimum period of 8 (eight) years from the date of the result / outcome of such investigation(s) pertaining to such Protected Disclosure.

15. Amendment / Modification

SCL reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. On any amendment of the Policy, the same will be notified by the Board to the Employees in writing.

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