

Compliance - Whistle Blowing Procedure

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Whistle Blowing Process

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I. Scope

The scope of this document includes procedures to be followed in case an employee doubts veracity / integrity of a transaction and decides to exercise his/her right to blow the whistle. As a logical extension, it also includes the procedures to be followed by all the other actors involved in the blowing of a whistle, which consists of the Line Manager, the Local Compliance function, the Group Compliance function, and the General Inspection (when required). This document is based on the following documents:

1. the Worldwide Level 2 Whistle-Blowing Procedures for All Employees
2. Group Whistle Blowing Policy Level 3 (for Compliance Officers)
3. Group Whistle Blowing Policy Level 3 Appendix (for Compliance Officers)

II. Product

In connection with the implementation of the whistle-blowing procedure under French regulation R 97-02 as amended, matters relating to the compliance of transactions that Group employees handle or of which they are aware may be referred to Compliance by them, generally speaking in the context of a discussion and possibly on a confidential basis. The purpose of this procedure is to describe how Compliance should deal with such situations.

III. Process overview

1. Employee doubts the veracity/integrity of a transaction or it could be, related to compliance with financial embargoes.
2. Employee exercises his/her right to blow the whistle and intimates Designated Officer from Compliance.
3. Designated Officer from Compliance to examine at what level the investigations pertaining to the whistle-blowing are to be carried out.
4. Post-investigations, Designated Officer from Compliance to prepare a report and provide necessary feedback to the employee who has blown the whistle.
5. Report to be maintained for a stipulated period of time.

IV. Regulations & Guidelines

- 1) Whistle-Blowing Procedure issued on September 15, 2014 issued by Group Compliance, HO Paris, for the information and adherence by BNPP Group employees
 - a) It is standard procedure that whenever an Employee becomes aware, directly or indirectly, of a transaction or planned transaction or receives an order, which he reasonably believes does not comply with one or more of the principles set out in the Code of Conduct, or with any external or internal rules, the Employee must inform his direct or indirect superior. In the event that the Employee does not wish to do so, he may follow the whistle-blowing procedure and contact the Head of Compliance of the Entity where he works or of a higher level (i.e., Core Business). If he deems it necessary, he may refer the matter to the Group Compliance Function.
 - b) Under no circumstances must the whistle blower conduct his own investigations.
- 2) Local guidelines available on Echonet: Whistle-Blowing Policy effective October 15, 2014.

V. Responsibilities

1) Employee

- a) Check compliance of transaction/operation with legislation, regulation, professional standards, codes of practice, Board of Director's policies, management instructions, market integrity, customer's interests, Group interests, and financial embargoes.
- b) Check if transaction indicates fraud, corruption, unethical behavior not in line with banks ethical norms, non-compliance with local regulatory rules, financial embargoes requirements, bullying, health & safety concerns, and harassment or discrimination on any grounds.
- c) In case of non compliance in above mentioned matters employee shall:
 - Abstain from conducting his/her own investigations in the matter and
 - Refer matter to Designated Officer from Compliance or Head – Compliance.
- d) Contact Compliance function/Line Manager.
- e) State that the initiative falls under the whistle blowing procedure.
- f) Request Compliance to keep matter strictly confidential (if required).
- g) Obtain copy of report drawn up by Compliance as a result of an employee's initiative.

2) Line Manager

- a) Prepare a detailed report describing the non-compliant transaction and surrounding circumstances.
- b) Forward report to Compliance department (marking person responsible for whistle-blowing within the Compliance Function. **Refer: Whistle Blowing Policy**) for appropriate action to be taken, if remedial action has not taken place already.

3) Compliance function

- a) Ensure that any initiative taken by an employee under the whistle-blowing policy is not deemed to be reprehensible behavior.
- b) Ensure that no employee is punished, dismissed or is subject to any kind of direct/indirect discriminatory measures, for taking an initiative that falls within the right to blow the whistle.
- c) Ensure availability of dedicated resources (e.g. telephone line and an office that provides necessary discretion) towards the provision for the right to blow the whistle.
- d) Maintain a report of all queries that need further investigation, including queries raised, investigations carried out and actions taken to resolve the queries.
- e) Ensure quarterly reporting of escalated queries, investigations carried out and actions taken to resolve the queries to Group Compliance.
- f) Ensure link to relevant documentation is posted on the country/entity intranet front page and is updated as appropriate.
- g) Ensure regular communications to the employees, on the means available to them, to use their right of whistle blowing.

4) Designated officer from Compliance for Whistle Blowing (Please refer to Appendix II for Compliance Contact details)

- a) Request confirmation that the employee's initiative falls within the framework of the Whistle-blowing procedure.
- b) Obtain the employee's name, function and belonging group entity.
- c) In case the phone call is recorded, inform the employee.

- d) Check if employee wishes that the initiative be kept strictly confidential, if so ensure the employee's name will be known only to the following officials:
 - the head of compliance,
 - the hierarchical manager of the entity to which the compliance officer belongs, and
 - the internal audit (General Inspection) where appropriate.
- e) Inform the employee if it seems necessary for the alert to be handled at another level of the Compliance Function, in order to ensure confidentiality.
- f) Request employee to describe the operations to which the initiative relates.
- g) Obtain the most precise information on these operations: nature, localization, date, responsible group entity, client(s) concerned, booking, and all other relevant information motivating the whistle-blowing.
- h) Ensure that the name of any employee mentioned during the discussion is not recorded in the report, whose sole object is to describe operations.
- i) Ask if the employee wants a formal confirmation receipt of the initiative, and / or a copy of the Compliance report. If so, ensure the employee receives the report as soon as possible, in order to allow any modification of his/her declarations.
- j) Check if local resolution will breach the confidentiality of the initiative (if requested). If yes, request for the alert to be handled at another level (Core Business or Group Compliance, investigations by General Inspection).
- k) Check if employee's query can be resolved immediately Designated Officer level. If so, reply immediately.
- l) Check if query can be resolved at Designated Officer level, but not immediately. If so, inform the employee, provide report at a later date and inform Line manager of entity and Head –Compliance.
- m) Escalate matters to Group Compliance function for any query that cannot be resolved at the local Compliance levels. Inform employee at which level the query will be handled.
- n) Inform employee that feedback on the initiative will be given to the employee.
- o) Conduct investigations as appropriate with all necessary discretion, (with the support of Internal Audit if necessary) if query is to be handled at the Designated Officer from Compliance.
- p) Ensure compliance with General Inspection and Group Risk Management – Operational Risk (GRM – OR) procedures for reporting incidents where appropriate.
- q) If query is handled at a higher level, receive information on remedial measures taken/investigations carried out by Core Business/Group Compliance. Provide feedback to employee, where necessary.
- r) Prepare written report for Head – Compliance (Group) and publish the same.
- s) Send report by email to Group Compliance i.e. Global Compliance Group Alert Ethique Whistleblowing.
- t) Inform employee if the whistle blowing alert is deemed to be unfounded after the investigations.
- u) Also inform employee that all the documentation gathered by Compliance will be destroyed immediately, if the alert is deemed to be unfounded.
- v) Maintain a daily report of all questions raised and actions taken at the local levels to resolve the questions.
- w) Ensure fortnightly reporting of the above to Management.
- x) Maintain documentation pertaining to the investigations of any whistle blowing initiative for no more than two months after the closure of investigations.

5) HR – Officer

- a) Ensure inclusion of the Whistle-blowing Policy and the Whistle-blowing Procedures in the Pathfinder for **NEW Recruits**.

VI. Processes and Procedure to Exercise the Right to Blow the Whistle

1) Regulatory Compliance in Transactions/Operations/Business Dealings:

- a) Responsibility: Employee
- b) Time Lines / Service Level Standard: In conjunction with carrying out transaction/operation.
- c) Tasks:
 - (i) Check if transaction/operation is compliant with
 - Legislation
 - Regulations
 - Professional Standards
 - Codes of Practice
 - Internal Policies
 - Instructions from Management
 - Integrity of the Markets
 - Primacy of Customer's Interests
 - Primacy of Bank Group Interests
 - Financial Embargoes
 - (ii) Cross check following principles to detail out questions concerning the risks of compliance failure that an employee may encounter
 - Not to harm or adversely affect Group's reputation.
 - To comply with legal, regulatory, professional & ethical obligations & Group procedures.
 - To comply with the integrity of the markets.
 - (iii) Check if the transaction or the circumstances surrounding the transaction indicate any of the following:
 - Fraud, corruption or other dishonesty.
 - Unethical behavior.
 - Failure to comply with local regulatory rules.
 - Bullying (subject to local laws).
 - Health & Safety concerns (subject to local laws).
 - Harassment/Discrimination on the grounds of (subject to local laws)
 - (a) sex,
 - (b) race,
 - (c) gender,
 - (d) religious belief,
 - (e) sexual orientation,
 - (f) age,
 - (g) disability
 - (iv) Check if transaction/operation is in compliance with all the above said principles
 - If yes, proceed with transaction.
 - If doubtful, proceed to refer matter to any one manager listed below. Under no circumstances, must the employee conduct his/her own investigations.
 - (a) Line Manager, Or
 - (b) Designated Officer at Compliance in the event that employee does not wish to refer matter to the Line Manager.

2) Reporting to Compliance:

- a) Responsibility: Employee
- b) Time Lines / Service Level Standard: As & when appropriate.
- c) Tasks:
 - (i) Contact (Group/Entity) level Compliance Function.
 - (ii) State that the initiative falls under the whistle-blowing procedure.
 - (iii) If required, request Compliance function (Group/Entity) to keep initiative strictly confidential.
 - (iv) Obtain a copy of the report drawn up by Compliance as a result of the employee's initiative.

3) Generate Initial Report/Address repercussions (if any) of the initiative:

- a) Responsibility: Line Manager/Head – Compliance (Entity/Group)
- b) Time Lines / Service Level Standard: Initial reporting - within two hours of spotting an anomaly
- c) Tasks:
 - (i) Systematically and immediately draw up a detailed report describing the non-compliant transaction/operation and the surrounding circumstances.
 - (ii) Forward to Designated Officer from Compliance (responsible for whistle-blowing within the Compliance Function) for appropriate action to be taken, if remedial action has not taken place already.
 - (iii) Ensure that any initiative taken by an employee under the whistle-blowing policy is not deemed to be reprehensible behavior.
 - (iv) Ensure that no employee is punished, dismissed or is subject to any kind of direct/indirect discriminatory measures, for taking an initiative that falls within the right to blow the whistle.
 - (v) Ensure availability of dedicated resources, towards provision for the right to blow the whistle, such as
 - a telephone line, and
 - an office that provides necessary discretion for discussions and confidential communications.

4) Compliance Investigations & Establishment of Report:

- a) Responsibility: **Designated officer from Compliance for Whistle Blowing**
- b) Time Lines / Service Level Standard:
 - i. 2 days, if query can be resolved immediately by the Officer - Compliance level
 - ii. 3 – 4 days, if query can be resolved by Designated Officer but not immediately
 - iii. 5 – 6 days, if query is to be escalated to Group Compliance level
- c) Tasks:
 - (i) Request confirmation that the employee's initiative falls within the framework of the Whistle-blowing procedure.
 - (ii) Obtain the employee's name, function and belonging group entity.
 - (iii) In case of a recorded phone call, inform the employee.
 - (iv) Check if employee wishes that the initiative be kept strictly confidential, in which case the employee's name will be known only to the compliance officer, the compliance function, the hierarchical manager of the entity to which the Compliance Officer belongs, and by the Internal Audit (General Inspection) where appropriate.
 - (v) If in order to ensure confidentiality, it seems necessary for the alert to be handled at another level of the Compliance Function, inform the employee.

- (vi) Request employee to describe the operations to which the initiative relates. Operations may include any business action performed within a front office, middle office or back office, either within a business line, or a support function, or a group function, or an affiliate.
- (vii) Make sure to obtain the most precise information on these operations: nature, localization, date, responsible group entity, client(s) concerned, booking, and all other relevant information motivating the whistle-blowing. Note: the name of any employee that would be mentioned during the discussion will not be recorded in the report, whose sole object is to describe operations.
- (viii) Ask if the employee wants a formal confirmation receipt of the initiative, and / or a copy of the Compliance report. In that case, the employee should receive the report as soon as possible, in order to allow any modification of his/her declarations.
- (ix) Check if employee wishes to keep the initiative confidential
 - i. If yes, check if local resolution will breach the confidentiality requested
 - (a) If yes, request for the alert to be handled at another level (Core Business or Group Compliance, investigations by General Inspection).
 - (b) If no, then proceed.
 - ii. If no, then proceed.
- (x) Check if employee's query is a simple one which can be resolved immediately
 - i. If yes,
 - (a) Reply immediately.
 - (b) The report to mention the question raised and the reply given.
 - ii. If not,
 - (a) Check if query can be resolved at the Compliance level, but not immediately
 - 1. If yes,
 - a. Mention that the reply can be given but not immediately.
 - b. Provide report at a later date with the question raised and the reply given.
 - c. Inform Line Manager of Entity, Designated Officer from Compliance and Head – Compliance accordingly.
 - 2. If not, for any question deemed to be more serious
 - a. Inform the employee, if an immediate answer cannot be given to him/her.
 - b. Group Compliance function to
 - i. analyze the initiative,
 - ii. determine at which level the matter will be handled (Territory, Subsidiary, Business line, Function, Core Business concerned, or Group Compliance directly), and
 - iii. investigations to be made, possibly with the assistance of Internal Audit (General Inspection or Audit)
 - c. Inform employee at which level his/her question will be handled: the Compliance Officer, with a precise delay; or Group Compliance; or another level of the Compliance Function (core business, business line, etc.).
 - (xi) Inform the employee that he/she will be provided with feedback on his/her initiative.
 - (xii) Check at which level it is decided to handle the initiative
 - i. If query is to be handled at Designated Officer level, Designated Officer shall:
 - (a) Make necessary arrangements to do so and
 - (b) Provide employee, who exercised the right to blow the whistle, with feedback.

- (c) Where appropriate, also ensure compliance with General Inspection and Group Risk Management – Operational Risk (GRM – OR) procedures for reporting incidents.
- ii. If query is handled at a higher level (Core Business or Group Compliance)
 - (a) Designated Compliance Officer to be kept informed of any actions taken.
- (xiii) If required, conduct investigations as appropriate with all necessary discretion, with the support of Internal Audit wherever necessary.
- (xiv) Prepare a written report for Head – Compliance (Group). Ensure reporting is systematic and immediate and complies with the specific editorial guidelines.
- (xv) Establish report as soon as possible. Report to contain
 - “Sharekhan Limited Compliance Function Entity X” heading
 - The mention <<CONFIDENTIAL>>
 - The name & function of employee
 - The mention “confidentiality requested”, if employee expressed the wish to benefit of it
 - The date and hour of discussion
 - The localization
 - The motivation of the initiative & the relating facts
 - The action taken, if the alert has been handled locally
 - The name of the compliance officer who established the report
 - The mailing list
- (xvi) Transmit report by email to Group Compliance i.e. GLOBAL COMPLIANCE GROUP ALERTE ETHIQUE GLOBAL COMPLIANCE GROUP ALERTE ETHIQUE WHISTLEBLOWING@bnpparibas.com
- (xvii) Ensure report to Head – Compliance is strictly confidential, if employee requests that the initiative be confidential.
- (xviii) Contact employee who referred matter and provide
 - Replies to queries put forth by the employee and
 - Information of measures taken, if any
- (xix) In response to any queries across Sharekhan employees, provide reassurance that
 - Employees have a right rather than an obligation to exercise whistle-blowing under local regulations.
 - Any initiative taken by an employee under the whistle-blowing policy cannot be deemed to be reprehensible behavior.
 - No employee may be punished, dismissed or be subject to any kind of direct/indirect discriminatory measures, for taking an initiative that falls under the whistle-blowing policy.
- (xx) Inform the employee, that if after investigations the whistle-blowing alert is deemed to be unfounded; all the documentation gathered by the Compliance function will be destroyed immediately.

5) Reporting to Management:

- a) Responsibility: **Designated officer from Compliance (Entity/Group)**
- b) Time Lines / Service Level Standard: **Fortnightly**
- c) Tasks:
 - (i) Maintain a daily report of
 - All questions raised for statistical purposes, and

- Action taken at the location level to resolve the raised questions
- (ii) Ensure regular reporting of the above to Management.

6) Reporting to Group Compliance:

- a) Responsibility: **Head – Compliance (Entity)**
- b) Time Lines / Service Level Standard: **Quarterly**
- c) Tasks:
 - (i) Maintain a report of all queries that need further investigation. Include
 - Questions raised
 - Investigations performed
 - Action taken to resolve the queries
 - (ii) Ensure quarterly reporting of the above to Group Compliance.

7) Specific Case of Compliance with Financial Embargoes:

Besides the process set out above under Section F from 1 to 6, whistleblowers' disclosures within the Group concerning the proven or suspected breach of a financial embargo must systematically be transmitted to Group Financial Security. Within Group Compliance, Group Financial Security – Paris and Group Financial Security – US have each appointed a representative responsible for receiving whistle-blowers' disclosures.

The managers in charge of whistleblowing mechanisms in Group Entities (including Group Compliance) must forward all disclosures related to US dollar transactions to the New York representative, while disclosures relating to other currencies must be transmitted to the representative in Paris.

If there is any doubt, particularly concerning complex transactions involving several currencies, the disclosures in question must be sent to both the Paris and the New York representative.

Alongside the existing whistleblowing channels, a special-purpose channel has been put in place in New York, linked directly to Group Financial Security – US, so that any disclosures relating to a proven or suspected breach of a financial embargo can be received directly. This special, multi-lingual channel can be used by all Group Employees.

An Employee wishing to report embargo-related misconduct can do so either using the usual whistleblowing channels, in compliance with the rules set out in section F, or by using the special channel set up in New York (see **Appendix II**).

8) Storage of Reports:

- a) Responsibility: **Designated Officer from Compliance (Entity/Group)**
- b) Time Lines / Service Level Standard: Analysis of investigations – immediately. Storage Review – Every 2 months.
- c) Tasks:
 - (i) Check outcome of investigations pertaining to the whistle-blowing initiative.
 - (ii) If outcome is deemed to be unfounded, any kind of documentation (reports, emails or telephone recordings) gathered by the Compliance function should be destroyed immediately.
 - (iii) If outcome is not unfounded, documentation is to be kept for no more than two months after the investigations have closed (unless specified otherwise by local regulations – local regulations will override the 2-months internal specification).

9) Orientation of New Recruits:

- a) Responsibility: **HR - Officer**
- b) Time Lines / Service Level Standard: As appropriate
- c) Tasks:
 - (i) While completing the joining formalities for NEW Recruits,
 - i. Prepare Pathfinder for the new employee. Ensure
 - (a) Inclusion of the Whistle Blowing Policy.
 - (b) Inclusion of the Whistle blowing Procedures.

10) Dissemination of information:

- a) Responsibility: **Head – Compliance**
- b) Time Lines / Service Level Standard: Every SIX months
- c) Tasks:
 - (i) Ensure link to relevant documentation is posted on the country/entity intranet front page. Information should include following details of the persons (local contacts + Group & Business line contacts) to whom questions and allegations may be addressed
 - i. Telephone
 - ii. Email
 - iii. Mail address
 - (ii) Ensure regular communications to the employees, on the means available to them, to use their right of whistle blowing.

VII. Appendix

Appendix I – BNP Paribas India Whistle Blowing Policy - Group Financial Security update – May 2017



WHISTLE BLOWING
POLICY- May 2017.pdf

Appendix II: Compliance Contact Details

The employees can raise their concern or blow whistle in writing giving background and the concern and the reasons for the concern as per the following information:

<p><u>Mr. Joby John,</u> Head - Compliance</p>	<p>Sharekhan Limited, 10TH Floor, BETA Building, Lodha iThink Techno Campus, Off JVLR, Near Kanjurmarg Railway Station, Kanjurmarg East, Mumbai – 400 042. T – 91-22-61042916 whistleblowing@sharekhan.com</p>
<p>Group Compliance, Group Financial Security – NY</p>	<p>Link for Reporting a concern under GFS-US: https://secure.ethicspoint.com/domain/media/en/gui/43721/index.html</p>