

WHISTLE BLOWER POLICY

Version 1.3

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WHISTLE BLOWER POLICY

PREAMBLE

Adherence to the highest standards of integrity, transparency, fair practice and ethical behaviour are fundamental to our business model.

The Company adopts accounting policies and practices in accordance with the applicable accounting standards to present a true and fair picture of the business and financial position. Selection of accounting practices requires interpretation and exercise of judgement which may give rise to differing opinions. Employees are free to raise any issues including financial, reputation, suspected fraud / actual fraud, criminal offences or misuse of office.

The reputation of Toyota Financial Services India Limited (TFSIN) (the “Company”) depends on all employees fulfilling their responsibilities towards each other, and to customers, their partners in lending business, towards their shareholders, to the market place and to the communities in which they do business.

This Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for employees of the Company to approach the Reporting Officer of the Company / Chairman of the Audit Committee of the Company and report violations free from the fear of any discrimination, retaliation or harassment.

1. APPLICABILITY:

This policy applies to all employees & other stakeholders (including business partners and vendors) of the Company. All Employees of the Company are eligible to make Disclosures under the Policy. The Disclosures have to be in relation to matters concerning the Company.

2. OBJECTIVES:

- To provide an avenue for the employees and other stakeholders to raise concerns about violation of Law, questionable business practices or grave misconduct by the employees of the Company that could lead to financial loss or reputation for the Company.
- To provide reassurance of the protection to the whistle blower from reprisals, discrimination or victimisation for having blown the whistle in good faith.
- To provide the details of reporting, investigation and settlement of the incidents.
- To provide direct access to the Chairman of the Audit Committee, if required.

3. POLICY:

This policy is formulated to seek the support of employees and other stakeholders to report any unethical or improper practices in the Company or conduct which may result in violation in the law by the Company or substantial mismanagement of Company resources, and to secure those employees from unfair termination and unfair prejudicial employment actions.

4. DEFINITIONS:

- a. **Whistle Blowing:** Attracting Audit Committee or Top Management’s attention to information about potentially illegal and/or unacceptable practice.

- b. **Annual Report** means the report which is required to be placed before the members of the Company annually i.e. Balance Sheet, Profit and Loss Account, Directors' Report, and Auditor's Report and every other document which is required to be annexed or attached or forming part thereof.
- c. **Audit Committee** means a committee which is constituted pursuant to Section 177 of the Companies Act, 2013 and the Guidelines laid down by RBI for Non-Banking Financial Companies.
- d. **Board Report** means a report as defined under Section 134 of the Companies Act, 2013.
- e. **Employee** means a person who is an employee of the Company including Directors, Trainees and including those who are / were on specific assignments with the Company.
- f. **Good faith** means any communication under the policy, if the same is substantiated with proper evidence and there is a reasonable basis for the communication of the existence of waste or of a violation or has observed about unethical or improper practices. "Good faith" is lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical or improper practices is malicious or motivated, unsubstantiated or false or frivolous.
- g. **Internal circulars** is a communication made on behalf of the Company by an authorized person, which is addressed to the employees of the Company through any mode including but not restricted to email, fax, phone, notice board, inter office memo, etc.
- h. **Disclosure** means any communication made in good faith that demonstrates or discloses information that may evidence unethical or improper activity in the Company or with respect to the Company.
- i. **Right to access or right of Approach:** the right of an employee to give a written report to the Audit Committee for alleged misconduct or unethical or improper practice, which an employee has observed or found in the Company.
- j. **Reporting Officer** means the Senior Executive of the Company to whom an Employee may report.
- k. **Unfair termination and unfair prejudicial employment actions** means any action that amounts to threaten, or otherwise discriminating or retaliating against an employee in any manner that affects the employee's employment, including compensation, job location rights, immunities, promotions or privileges.
- l. **Unethical or improper practices:**
 - i. "Unethical practices" refers to acts not conforming with acceptable and/ or approved standards of social or professional behaviour which leads to "unethical business practices" or an action not adhering to ethical, moral and honourable principles.
 - ii. "Improper practices" refers to unethical conduct, breach of etiquette or morally offensive behaviour.

- iii. Conduct which results in violation of law by the Company.
- iv. Conduct which results in a substantial mismanagement of Company resources; however, this will not include conduct or actions which were duly authorized and taken in the best interest of the Company.
- v. Fraud and corruption including any acts to solicit or receive any gift/reward as a bribe.

- m. Violation:** an infraction or a breach, which is not necessarily a violation of law, of the Company's policies, Memorandum and Articles of Association, code of conduct designed to protect the interest of employees & the company without jeopardizing interest and growth of the Company.
- n. Waste:** employee's conduct or omission, which results in substantial abuse, misuse, destruction, or loss of funds, property or manpower belonging to the Company.
- o. Whistle Blower:** an employee or other stakeholders (including business partners, customers and vendors) who reveal wrongdoings about any unethical or improper practices carried on by the Company or its employees or its vendors / business partners / investors / lenders and communicate it in Good Faith to the Audit Committee in writing.

5. GUIDELINES:

A. Internal policy: The Whistle Blower Policy (hereinafter referred as "WBP") is an internal policy designed to enable employees and other stakeholders of the Company to raise concerns internally and at a high level (in specified cases, to Audit Committee) and to disclose information, which the individual believes to be unethical or improper. This policy is intended to deal with concerns which are at least initially to be investigated separately but might then lead to the invocation of other procedures e.g. disciplinary action, legal proceeding, etc.

B. Obligation of the employees to blow the whistle:

- It is important for every employee of the Company to blow the whistle upon coming to know or having knowledge of the happening or occurrence of an incident
- In the absence of the above by the employee, it may leave scope for being construed as complicity which may render him / her liable for appropriate action by the Company

C. Obligation of stakeholders to blow the whistle:

- Any stakeholder, as a matter of policy, are encouraged to blow the whistle if the situation so warrants and to this end in view, a Notice shall be displayed in the Notice Board of every office of the Company

D. Procedure for blowing the whistle:

- Any employee who has reason to believe that he / she has become aware of any breach of Law/ Regulatory Directives or Guidelines of the Company's policies, procedures, regulations, guidelines or any questionable business practice or any grave misconduct, must immediately report those facts to the following designated Senior Executive of the Company, as Reporting Officer:

Name: Mr. Akihiko Sekiguchi, CFO & Senior Vice President Business Strategy

Address: Toyota Financial Services India Limited,
No. 21, Centropolis, First Floor,
5th Cross, Langford Road, Shanti Nagar,
Bangalore- 560025.
Phone: 080-43442800
Mail ID: akihiko.sekiguchi@tfsin.co.in

- Where any employee has reason to believe or suspect or perceive involvement of Reporting Officer, he/she as an exceptional case, report such incident/s to the Chairman of the Audit Committee of the Board as follows:

Name: Mr. Raman Rengan

Address: "Sai Anugruha", #10 & 11 3rd Cross,
Saraswathipuram, Main Channel Road,
Ulsoor, Bengaluru – 560 008
M. No. + 91-9731312131
Mail ID: renganraman@yahoo.com

- Where an employee has an interest in the matter that has been complained about, it is his / her duty to declare the same at the outset itself to the Reporting Officer or Chairman of the Audit Committee.
- Whistle blowing could be in written form or verbal. However, it is preferable for the employee to make his / her report in writing, revealing his / her identity. It may be noted that revealing of the identity is not a pre-condition for reporting the incidents coming under the purview of these guidelines. Anonymous reporting of incidents would also be considered for investigation, provided such incidents reported are supported by "verifiable facts".
- Where an incident has been reported verbally by the whistle blower, he / she may send the written report as early as possible together with "verifiable facts", if any.

E. Prohibition: the WBP ensures that the genuine Whistle Blowers are accorded protection from any kind of unfair treatment as herein set out, and any abuse of this protection will warrant disciplinary action.

F. Protection:

- Would not mean protection from disciplinary action arising out of false, bogus or unsubstantiated allegations made by a Whistle Blower knowing it to be false or bogus or alleged with a mala fide intention.
- TFSIN is committed to the maintenance of the confidentiality of the matter / incident that has been reported and the identity of the Whistle Blower before, during and after the investigation, except where it is absolutely necessary and essential; for the purposes of conducting such investigations.
- TFSIN strictly prohibits any discrimination, retaliation or harassment against any person who reports any incident or any breach of law / Regulatory Directives or Guidelines or the Company's Policies, procedures, regulations, guidelines or any questionable business practice or any grave misconduct including malpractice or fraud and / or who participates in an investigation connected with any such incident.
- If an employee who has blown the whistle or who has participated in the investigation feels / has reason to feel or believe on a later date that he / she is being subjected to discrimination, retaliation or harassment, he / she must immediately report those facts to the Chairman of the Audit Committee.

- Protection would not be accorded to those employees who make disclosures while being scrutinized under any disciplinary action or those employees who are accused of unethical or improper behaviour during any investigation.

G. Reporting Authority: The Audit Committee shall be the reporting authority under this policy.

H. Reporting Officer's duties and responsibilities:

- Familiarise himself with this Policy.
- Notify reportee employees of their protections and obligations under the WBP of the Company.
- Forward the report received from the whistle blower to the Audit Committee of the Board within 48 hours of receipt of the same.

I. Rights of complainants:

i. When reporting in good faith any violation or unethical or improper practices as defined in this policy, it is advisable to communicate in writing along with all necessary evidence. The reporting may relate to the following:

- ☐ Mismanagement of Company's funds, property or manpower;
- ☐ A deliberate violation of any accounting principles, policies, and regulations, reporting of fraudulent financial information to the shareholders, the government or the financial markets or any conduct that results in violation of law, legal duties, code of conduct or code of ethics designed to protect the interest of the Company and its employees. However, this should not be merely of technical or minimal nature.

ii. Financial / accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation and for matters like those concerning other employees & other matters should be addressed to the MD & CEO of the Company;

iii. The Whistle Blower's role is that of a reporting party providing reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

iv. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Reporting Officer or the Chairman of the Audit Committee.

J. Audit Committee's responsibilities:

i. Maintenance of Register of Complaints: Audit Committee shall maintain a register for registration of Whistle Blower's Reports. The Audit Committee shall register a complaint only after it is satisfied that disclosure made under the WBP deserves to be probed further. The Audit Committee may ask for significant evidence while registering the complaints.

ii. Essential factors that may be considered while determining the alleged assertion as 'substantial',

- ☐ Accuracy of the information furnished;
- ☐ Has the allegation been substantiated reasonably ;
- ☐ Prima face violation made out to a reasonable extent;
- ☐ Nature and quality of evidence;
- ☐ Existence of relevant laws and rules;

- ☐ Whether the action appears to be isolated or systematic;
- ☐ History of previous assertions regarding the same subject or subject matter;
- ☐ What are the avenues available for addressing the matter;
- ☐ Seriousness or significance of the asserted action; and
- ☐ Cost and benefit of potential investigation.

iii. Determination of nature of complaints: The Audit Committee shall determine the nature of complaints keeping in view the requirements of RBI Circulars and for determining the appropriate course of action.

The complaints may be determined in two broad categories:

- ☐ reporting an unethical or improper practice;
- ☐ any wrongful action taken by the management against the employee who has approached the Audit Committee.

To enable the Audit committee to perform its function under this Policy, it may take the assistance of any Senior Employee or any external person at its discretion. The Audit Committee or the authority assigned by the Committee; shall appropriately and expeditiously investigate all Whistle Blower reports received internally, investigating the merits of the assertion and determining necessary course of action.

Further, the Chairman and / or the Committee or the assigned authority, as the case may be, shall have the authority to call for any information/documents and such examination of any employee etc. for determining the correctness of the complaints.

iv. Objectivity and independence: to be objective, thorough and independent of influence in conducting interviews and/or review of relevant documents associated with whistle blower reports.

v. Maintenance of confidentiality: maintain confidentiality of the whistle blower and witnesses who provide information, as appropriate.

vi. Referral to committee or officials: make referrals to appropriate committee or officials on discovery of reasonable cause to believe that the Company's policy, regulation etc. have been violated, and follow up until appropriate corrective action has been taken.

vii. Time frame for redressal of complaints: Audit Committee shall complete all the formalities and shall resolve the matter within reasonable time from the date of filing of the complaints.

K. Actions prohibited by the Whistle Blower Policy:

The Company shall not:

- i. Threaten, discriminate or retaliate against an employee in any manner that affects the employee's employment (i.e., compensation, job location, rights, immunities, promotions, or privileges) when an employee engages in an activity protected by the policy.
- ii. Adverse action against an employee who participates or gives information in an investigation, or hearing or in any form of inquiry initiated by the Audit Committee.

L. Course of action available to the employees:

- i. An employee who alleges adverse action (whistle blower) under the WBP may approach the Audit Committee for appropriate relief within 3 months, if any action is taken against the employee in violation of the policy:

- ☐ The employee has the burden of proof in establishing that he or she has suffered an adverse action for an activity protected under the WBP;
- ☐ The management of the Company shall have an affirmative defence if it can establish by a preponderance of evidence that the adverse action taken against the employee was due to the employee's misconduct, poor job performance, or a reduction of workforce unrelated to a communication made pursuant to the WBP.

ii. Remedies: The Audit Committee rendering judgment under the WBP may order any or all of the following remedies:

- ☐ Order an injunction to restrain continued violation of the provisions of the WBP.
- ☐ Reinstate the employee to the same position or to an equivalent position.
- ☐ Reinstate full fringe benefits and retirement service credit.
- ☐ Order compensation for lost wages, benefits and any other remuneration.

M. Annual affirmation of the compliance of Whistle Blower Policy:

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that it has provided protection to "Whistle Blowers" from unfair termination and other unfair prejudicial employment practices.

N. Employees' obligation to report the incidents first to the Company before reporting to any external agency:

Every employee is required to report any incident as above first to the Company before reporting to any external agency such as Regulator, Police etc. since it is the responsibility of the Company to check the veracity and authenticity of such complaints and ensure that correct information is provided to such agencies / authorities.

O. Dos and Don'ts:

Dos

1. Report any unethical or improper practices (not necessarily a violation of law) in the Company;
2. Report within the time stipulated in the Policy;
3. Report with full and complete details along with evidence if any; based on best information available with the whistle blower
4. In making a disclosure the employee should exercise due care to ensure the accuracy of the information;
5. Employee to put his/her name to any disclosures he/she makes (Enables the Company to provide protection to the whistle blower/complainant);

Don'ts

1. Do not act on your own in conducting any investigative activities, nor do you have a right to participate in any investigative activities other than as requested by the Reporting Officer or Chairman of the Audit Committee.
2. Do not abuse the protection provided under this policy, which may attract disciplinary action.
3. Do not make public the Report except with the prior written permission of the Audit Committee. However, this restriction shall not be applicable if any employee is called upon to disclose this issue by any judicial process and in accordance with the laws of land.

P. Amendment of Whistle Blower Policy: The Top Management shall alter, amend or modify the clauses of the Whistle Blower Policy from time to time.

T. Retention of Records: All documents relating to the complaint / reporting of the incident and investigation shall be retained for a period of 5 years

“Protect and promote the interests and image of the Company”