



Ethics Helpline Services



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It is an established fact that some of the best sources of information about any wrongdoing in a company are its employees, directors, vendors, suppliers and other stakeholders. Companies with successful whistle-blower mechanisms have been able to take timely corrective actions and saving millions of rupees in fraud losses.

The Companies Act, 2013



Section 177 (9)

Companies shall establish a vigil mechanism for directors and employees to report genuine concerns.

Section 177 (10)

- Provides for adequate safeguards against victimisation of people who use vigil mechanism
- Provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Companies Rules, 2014

- Audit Committee shall oversee the vigil mechanism through the Committee. In case of other companies, the board of directors shall nominate a director to play the role of Audit Committee.
- In case of frivolous complaints, the audit committee or nominated director may take suitable action against the concerned director or employee including reprimand.

Applicability

- Every listed company
- Companies which accept deposits from the public
- Companies which have borrowed money from banks and public financial institutions in excess of INR50 Crores (INR500 million)

Regulatory bodies in India have also recognised the effectiveness of such hotlines and made it mandatory for listed companies to establish a whistle-blower mechanism. The Companies Act, 2013 and the SEBI's (LODR) Regulations, 2015 agreement have expressly instructed companies to establish whistle-blower/ vigil mechanisms.

SEBI's (LODR) Regulations, 2015



Regulation 4(2)(d)(iv)

The listed entity shall devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

Regulation 22

- The listed entity shall formulate a vigil mechanism for directors and employees to report genuine concerns.
- The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

Regulation 46(2)(e)

The listed entity shall disseminate the details of establishment of vigil mechanism/ Whistle Blower policy on its website.

Schedule II Part C, Para A, Clause 18

The role of the audit committee shall include review of the functioning of the whistle blower mechanism.

Schedule V Para C, Clause 10(c)

The disclosures shall be made in the section on the corporate governance of the annual report, capturing details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee.

Applicability

Every listed company



Experience matters

A pioneer in third-party whistle-blower hotline services in India

- **Experienced forensic professionals** manage our hotline. They have deep probing skills and are passionate about handling complaints
- **We are an independent third-party** – Whistle-blowers are comfortable reporting their genuine concerns without any fear of retaliation and retribution
- We support several **Indian and global** languages
- **We don't outsource** – Entirely run and managed by KPMG employees. No part of the services is outsourced
- We have a **secure facility** that helps preserve our clients' confidentiality
- Our clients **span across industry segments** – already servicing more than 200 companies in India.





How can we help?

Operating a whistle-blower hotline

- Five reporting channels available to whistle-blowers to report incidents (phone (toll free), email, fax, web and post box)
- Multilingual capability - services offered in Hindi, English and five Indian regional languages – Tamil, Telugu, Marathi, Kannada and Bengali
- Telephone channel is available from 7:00am to 11:00pm on all business days, non-telephonic channels are available 24x7
- Incident report is shared in next two business days after a two-level quality check.

Designing of complaint-handling framework

- Assist in designing a framework to handle the complaints received. This includes process flow, tracking mechanism, etc.
- Define roles, responsibilities and duties of various participants – whistle-blower, ethics committee, investigators and others involved in the process
- Share tools and create templates for managing complaints in a standardised manner

Integrated case management tool

- Allow designated contacts to have real-time access to the incident reports and evidences/ supporting documents
- Show trends to complaints received by locations, type of issues, status, reporting channels, languages, etc.
- Allow submission of online status of each incident report so that feedback can be conveyed to the whistle-blowers.

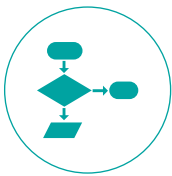
Development/review of whistle-blower policy

- Help ensure compliance to the Companies Act, 2013, Companies Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requirements.
- Define the policy's scope after assessing relevant risks, based on the industry the company is in and its Code of Conduct
- Establish a reporting mechanism and escalation mechanism

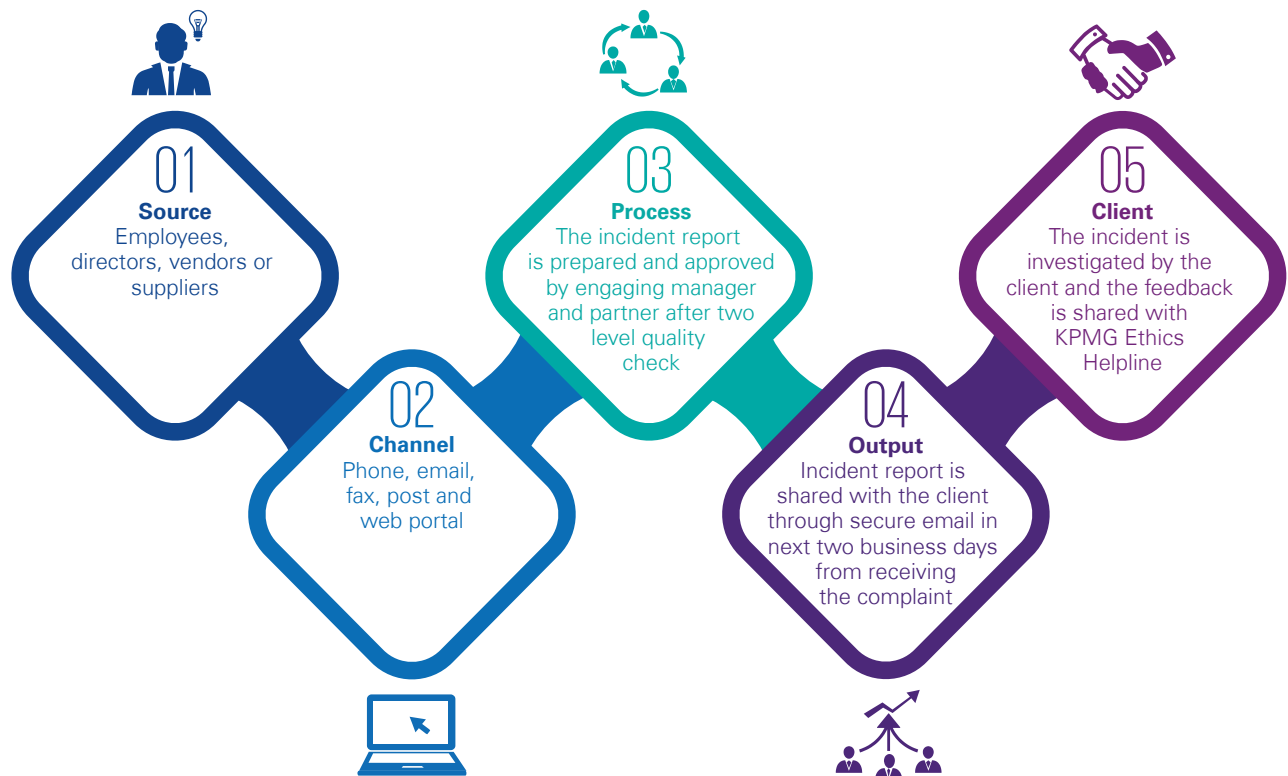
Assistance in creating awareness

- Assist in creating content for promotional collateral and communication material
- Create awareness around the whistle-blower mechanism through in-person workshops
- Web-based training programme with customised content based on the company's whistle-blower policy





Operating structure of the Ethics Helpline





Financial Fraud and Harassment are the most reported incidents

71% of the Whistle-blowers choose **not to disclose** their identity

Feedback from clients shows that **75%** of the whistle-blower complaints are **genuine**

Phone is the preferred channel of **reporting**

61% of the complaints are recieved during office hours (9:00 am to 6:00 pm)

59% of the whistle-blowers reported incidents in **English**

We have issued **3000** reports in last two years

Source: As per statistics from KPMG Ethics Helpline



Our experience cuts across industries



A large Indian conglomerate with presence in metals, cement, telecom, apparel, and financial services



A leading consumer goods manufacturer



A leading courier and cargo airline company



A leading two wheeler motorcycle manufacturer



A large group of companies with presence in cement, sugar, refractories and power



A large natural gas distribution company



A non-banking finance company



A leading premium, luxury and sports eyewear company



Leading infrastructure group



A leading manufacturer of consumer products



A leading manufacturer of four wheeler, LMV, MPV and HPV



A large group of automotive components companies



A leading multinational bank



A large solar energy company



A leading wind turbine manufacturer



A leading four wheeler company



A leading eCommerce company



A leading coffee manufacturer and large chain of stores

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