

# **Suryoday Small Finance Bank Limited**

## **Whistle Blower Policy**

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## 1. Introduction

Suryoday Small Finance Bank (hereinafter referred to as 'the Bank') believes in conducting all affairs of its constituents in a fair and transparent manner by adopting the highest standards of honesty, professionalism, integrity, and ethical behaviour. The Bank is committed to developing a culture where it is safe for any person to raise concerns about any poor or unacceptable practice prevalent in the Bank or any event of misconduct in the course of business operations of the Bank.

Section 177 read with Rule 7 of The Companies (Meetings of Board and its Powers), 2014, inter-alia, requires the Bank to establish a mechanism called "Vigil Mechanism (Whistle Blower Policy) for directors and employees to report genuine concerns or grievances, providing adequate safeguards against victimisation of those who avail of such vigil mechanism and overseeing of such vigil mechanism by the Audit Committee.

The purpose of this Policy is to:

- a) provide a framework to promote responsible and secure whistle blowing with respect to any breach or violation of the Bank's Code of Conduct on any matter.
- b) provide a mechanism for employees, directors, and relevant stakeholders to voice genuine concerns or grievances about unprofessional conduct without the fear of reprisal to the person raising the concern.
- c) promote professionalism and transparent practices by creating a framework to curb malpractices.
- d) ensure adherence to the highest standards of ethical, moral, and legal conduct of business operations.

This Policy has been formulated as part of corporate governance norms and transparency where employees, customers and other stakeholders of the Bank including Non-Governmental Organizations (NGOs) are encouraged to refer any complaint which has not been resolved or satisfactorily resolved within the usual applicable protocols.

It protects the Whistle Blower wishing to raise a concern about irregularities within the Bank. The Policy neither releases Whistle Blowers from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

## 2. Applicability

The Policy applies to all employees of the Bank working out of the Corporate Office, Regional Offices and other centres/ branch banking outlets in India, Directors of the Bank, Customers of the Bank, NGOs, members of the public, shareholders, employees of other agencies deployed for the Bank's activities, whether working from any of the Bank's offices or any other location, contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Bank and any other person having an association with the Bank.

A copy of the Policy shall be displayed by all Branches / Offices of the Bank at a prominent place inside the Bank's premises, where customers / general public frequent as well as on the Bank's website.

### 3. Definitions

1. **Audit Committee:** means the Committee constituted by the Board of Directors of the Bank in accordance with the provisions of the Companies Act, 2013, Banking Regulation Act, 1949 and other applicable Law, rules, or regulations.
2. **Whistle Blower:** means an employee, Director, customer, or any other stakeholder to whom this policy is applicable and who makes a Protected Disclosure under this Policy.
3. **Protected Disclosure:** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity with respect to the Bank, and described more particularly in Para 4. Protected Disclosures should be factual and not speculative in nature and must contain as much specific information as is possible to allow for a proper assessment of the concern.
4. **Subject:** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
5. **Disciplinary Action:** means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
6. **Chief of Internal Vigilance:** means the Chief of Internal Vigilance appointed by the Board of Directors of the Bank and who will receive Protected Disclosures from Whistle blowers, maintain record thereof, conduct investigation under this Policy, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the results thereof.
7. **Employee:** means every employee of the Bank.
8. **Director:** means a Director on the Board of Directors of the Bank, whether whole-time or otherwise.

### 4. Scope and coverage of the policy

This Policy covers all malpractices and events that have taken place or suspected to have taken place involving, but not limited to the following:

- Fraudulent activities or activities in which there is suspected fraud
- Irregularities in Financial Statements including fraud or suspected fraud
- Intentional or deliberate non-compliance and/or violation of law, rules, regulations, and policies
- Breach of applicable Code of Conduct
- Manipulation of Bank's data / records
- Misuse/ Abuse of authority
- Pilferation of confidential/proprietary information
- Breach of contract
- Criminal offences having repercussions on the Bank or its reputation
- Misappropriation / misuse of Bank's funds/assets
- Graft
- Cases involving conflict of interest.

- Any other inappropriate, unethical, biased, or imprudent action or conduct.

However, the Policy does not cover:

- Protected Disclosures that are frivolous in nature.
- Issues relating to personal grievance (increment, promotion, etc.)
- Sexual harassment which is covered by the Policy on Prevention of Sexual Harassment.

Also, this Policy shall not be used in place of Company Grievance Procedure or be a route for raising malicious or unfounded allegations against colleagues.

## 5. Guiding Principles

### A. As regards the role of the Whistle Blower:

- i. The role of the Whistle Blower is only that of a reporting party, citing the reasons / basis of such reporting under the provisions of this Policy.
- ii. The Whistle Blower shall not act as Investigator at any time nor would she/he be entitled to prescribe remedial actions / penalties etc.
- iii. The Whistle Blower is expected to provide sufficient evidence to establish a prima facie case for investigation when called for.
- iv. While the Whistle Blower may be called upon to co-operate with the Bank's Chief of Internal Vigilance or Audit Committee on their specific request in the course of investigations, he/she cannot seek their audience as a matter of right.

### B. As regards the Bank:

In order to ensure that this Policy is adhered to, and to assure that the concerns raised under this Policy will be acted upon seriously, the Bank will:

- Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized
- Ensure complete confidentiality of the identity of the Whistle Blower
- Not attempt to conceal evidence of the Protected Disclosure
- Take disciplinary action if anyone destroys or conceals evidence of the Protected Disclosure made/to be made
- Provide an opportunity of being heard to the persons involved, especially to the Subject
- Ensure disciplinary action is taken against person(s) found guilty pursuant to requisite investigation
- Treat victimization of Whistle Blower as a serious matter and initiate disciplinary action against person(s) causing or allowing victimization of Whistle Blower.

## **6. Governance Structure**

The governance structure for Whistle Blower Mechanism shall be as under:

### **6.1. Chief of Internal Vigilance**

The Chief of Internal Vigilance of the Bank shall act as a Special Advisor of the Bank in the discharge of the vigilance functions. The Chief of Internal Vigilance shall report to the Audit Committee on the vigilance activities, disciplinary cases and related investigation reports as well as aspects relating to the implementation of the Whistle Blower Policy.

The Chief of Internal Vigilance shall also act as a liaison officer between the Bank and the investigators, if any, appointed to investigate into any matter.

The Chief of Internal Vigilance shall collect intelligence about the corrupt practices committed, or likely to be committed, by the employees of the Bank; investigate or cause an investigation to be made into verifiable allegations reported to him; process investigation reports for further consideration of the Chairman of the Audit Committee.

He may, at his discretion, report/ refer the matters to the MD of the Bank for advice wherever necessary, taking steps to prevent commission of improper practices/misconducts, etc.

### **6.2. Audit Committee**

The Audit Committee of the Board shall ascertain and ensure that the Bank has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

The Audit Committee shall take note of the Protected Disclosures received by the Bank periodically.

The Audit Committee shall also review the effectiveness of the vigil mechanism and implementation of the Whistle Blower Policy. The details of establishment of Vigil mechanism shall be disclosed by the Bank on the website and in the Board's report to the stakeholders.

## **7. Methodology of receipt and disposal of Whistle blowing complaints**

### **7.1. Lodging of Protected Disclosures**

- a) All Protected Disclosures should be addressed to the Chief of Internal Vigilance either via email at [vigilance@suryodaybank.com](mailto:vigilance@suryodaybank.com) or by way of signed letter in a closed and secured envelope super-scribed as “Protected Disclosure” at the following address:

The Chief of Internal Vigilance  
Suryoday Small Finance Bank Limited  
1101, Sharada Terrace, Sector 11,  
CBD Belapur, Navi Mumbai 400614.

- b) The Whistle Blower must put his/her name and contact coordinates in the Protected Disclosure. Concerns expressed anonymously will not be considered unless the disclosures have adequate merit in the opinion of the Chief of Internal Vigilance.

### **7.2. Contents of Protected Disclosures**

While there is no prescribed format for making Protected Disclosures, with a view to avoiding ambiguity and eliciting actionable information in the course of investigations, every Protected Disclosure should, wherever possible, mention the nature of the alleged wrongdoing, date(s) and location of occurrence, basis for believing the action(s) to be incorrect or wrong, whether any evidence by way of documentation etc. is available to corroborate the allegations and in the event of availability of witnesses, the details of such witnesses be made available.

### **7.3. Recording of Protected Disclosures**

- a) On receipt of the Protected Disclosure the Chief of Internal Vigilance shall maintain and preserve records of the Protected Disclosure and also ascertain from the Whistle Blower whether he was the person who made the Protected Disclosure or not. The record will include:
- i) Brief facts
  - ii) whether the same Protected Disclosure was raised previously on the same subject and if so, the outcome thereof
  - iii) Details of action taken by the Chief of Internal Vigilance for processing the Protected Disclosure
  - iv) Findings / recommendations of the Chief of Internal Vigilance /Chairman of the Audit Committee /other action(s).
  - v) The Chief of Internal Vigilance may call for further information or particulars from the Whistle Blower.
- b) The Chief of Internal Vigilance will report the details of the Protected Disclosure to the Chairman of the Audit Committee.



#### **7.4. Investigation and Report**

- a) All Protected Disclosures reported under this Policy will be thoroughly investigated by the Chief of Internal Vigilance of the Bank who will investigate / oversee the investigations and report his findings to the Chairman of the Audit Committee.
- b) The Chairman of the Audit Committee may at his/her discretion consider involving any investigators or investigating agency for the purpose of investigation.
- c) The decision to conduct an investigation into a Protected Disclosure by itself is not an acceptance of the accusation by the concerned authority. It is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation unless there are compelling reasons not to do so.
- d) Subject(s) will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- e) The Subject(s) shall have right to access any document/ information for their legitimate need to clarify/ defend themselves in the investigation proceedings.
- f) The Chief of Internal Vigilance/investigators/investigating agency, as the case may be, shall normally complete the investigation within 30 to 60 days of the receipt of Protected Disclosure, depending on the severity and the impact of the Protected Disclosure. The investigation procedure may include:
  - obtaining legal or expert view with respect to the Protected Disclosure
  - seeking further explanation from the Subject(s) or request for submissions from them
  - calling for any information / document/explanation from any employee of the Bank or any other person(s), including the Internal Auditor, as may be deemed appropriate for the purpose of conducting an investigation.
- g) the Subject(s) are expected to cooperate with the investigator and not interfere or obstruct with the investigation process.
- h) Based on a thorough examination of the findings, the Chief of Internal Vigilance shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

#### **7.5. Conflict of interest**

- a) Where there is a possibility of conflict of interest of the Chief of Internal Vigilance in the course for investigation, the Chief of Internal Vigilance shall hand over the details of the case to the Chairman of the Audit Committee who shall nominate such person(s) or constitute a special committee of persons as he/she deems fit, to carry out the investigation.
- b) Where any investigating official or a member of the Audit Committee has a conflict of interest in the matter, he/she shall recuse themselves and the remaining members may proceed to deal with the matter.

## **7.6. Decision**

- a) If an investigation leads the Chief of Internal Vigilance to conclude that an improper or unethical act has been committed, the Chief of Internal Vigilance shall recommend to the Chairman of the Audit Committee, such disciplinary or corrective action as he may deem fit.
- b) The Chairman of the Audit Committee, after considering the recommendations, shall pass the Final Order as to disciplinary or corrective action to be initiated against the Subject(s).
- c) The discussions shall be documented and maintained by the Chief of Internal Vigilance.
- d) Where an investigation has been initiated by the Chairman of the Audit Committee, and the conclusion purports that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Audit Committee, such disciplinary or corrective action as he/she may deem fit and the Audit Committee, after considering the recommendations, shall pass the Final Order as to disciplinary or corrective action to be initiated against the Subject(s).
- e) However, any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.
- f) A Whistle Blower who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the Chief of Internal Vigilance or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures, and policies of the Bank.

## **7.7. Recourse available to the Whistle Blower**

- a) in case there is no resolution within 90 days of acknowledgement of the Protected Disclosure, the Whistle Blower has the option to escalating the issue to the Chief Services Officer of the Bank.
- b) For complaints of exceptional nature, the Whistle Blower may directly approach the Chairman of the Audit Committee of the Board.
- c) If the resolution is not to the satisfaction of the Whistle Blower, he/she has the right to approach the Chairman of the Audit Committee.

## **8. Protection to Whistle Blowers**

8.1 The Whistle Blower(s) under this Policy are entitled to adequate protection provided that Protected Disclosure is made in good faith and the Whistle Blower has reasonable information or documents in support thereof and no disclosures are made for personal gain or on account of animosity against the Subject(s). Every effort will be made to protect the identity of the Whistle Blower, subject to legal constraints except in cases where the Whistle Blower turns out to be vexatious or frivolous and action has to be initiated against the Whistle Blower.

8.2 The Bank, as a policy, condemns any kind of discrimination, harassment, victimization, or any other unfair employment practice being adopted against Whistle Blowers. Complete

protection will therefore be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like 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.

In case of witnesses named in the Protected Disclosure, the protection available to the Whistle Blower under this Policy shall be made available to the witnesses whether participating in the enquiry/investigation or not.

- 8.3 Any other Director/ Employee/ other stakeholder assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.
- 8.4 A Whistle Blower may report violation, if any, of the Protection available to him to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable Disciplinary action.
- 8.5 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 under the Company's Code of Conduct.

## **9. Secrecy/ Confidentiality**

The Whistle Blower, the Subject, the Chief of Internal Vigilance and other investigators and everyone involved in the process shall:

- a. maintain complete confidentiality/ secrecy of the matter
- b. not discuss the matter in any informal/social gatherings/ meetings
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations
- d. not keep the papers unattended anywhere at any time
- e. keep the electronic mails/files under password

If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

## **10. Reporting**

The Chief of Internal Vigilance shall report the details of all Protected Disclosures to the Audit Committee together with the results of investigations and an update on the actions taken by the management at least once a year.

## **11. Record Keeping**

All the documents and records as applicable will be maintained as per Policy on Preservation of Records

## **12. Policy Review and Updates**

This Policy shall be reviewed by the Audit Committee as and when required or at least annually for incorporating regulatory updates and changes, if any. Modifications, if any, recommended by the Audit Committee of the Board shall be put up to the Board for approval.