



Whistle Blower Policy

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1 Introduction

The feedback / observations by employees are increasingly becoming critical to ensure better governance standards and transparency in the running of the organizations. Reserve Bank of India (RBI) has issued instructions to banks advising them to formulate appropriate 'Protected Disclosures Scheme', wherein employees, customers, stakeholders, and members of public of the any bank can file a complaint with appropriate authority of his/her bank or RBI on the functioning of the Bank.

In accordance with the regulatory instructions, SBMBI Ltd. has formulated the following Whistle Blower Policy.

1.1 Definition

SBM Bank (India) Limited may be referred as “the Bank” or “SBMBI”

Allegation - means the reporting of a breach or suspected breach.

Breach - means the intentional or unintentional deviation from internal policies, rules, laws and acts which are contrary to the Bank's Code of Ethics and Business Conduct and includes any irregularity, fraud, malpractice or misconduct.

Employee - means a person in the employment of the SBMBI (whether in India or overseas) either on an indeterminate or determinate contract.

Subject - means a person or employee against whom an allegation has been made.

Whistle blower - means an employee of SBMBI (India) Ltd, customer of SBM, stakeholder, member of public reporting a breach or suspected breach and who is not entitled to investigate or to determine the appropriate corrective or remedial action that may be warranted.

Good Faith - An employee shall make a complaint in 'good faith' if there is a reasonable basis for communication of the alleged wrongful conduct. Good Faith shall lack in its eventuality when the employee does not have factual basis for communication.

1.2 Purpose and Scope

The policy aims to promote the reporting of any breach or suspected breach of internal policies, laws and other behavior contrary to the SBMMBI's Code of Ethics and Conduct, which can result in potential financial or reputation loss, by employees who are aware of or become aware of such instances. It also protects employees who report occurrences of breaches or suspected breaches in good faith.

The complaints under the Scheme would also cover the areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, failure to comply with major existing rules and regulations such as Reserve Bank of India Act, 1934, Banking Regulation Act 1949, etc. and acts resulting in financial loss / operational risk, loss of reputation, etc. detrimental to depositors' interest/ public interest. This policy is not meant to question financial, commercial or other business decisions taken by SBMMBI. Neither shall it be used to raise concerns about employees' conditions of service which shall be addressed in line with the Bank's HR Policy.

Anonymous / pseudonymous complaints may be covered on a case to case basis and decisions on the same shall be taken by the Whistle Blower Committee.

2. Roles and Responsibilities

2.1 Chief of Internal Vigilance and Vigilance department

The Chief of Internal Vigilance and Vigilance department shall be responsible for:

1. Engaging the Head of Internal Audit when specific breaches or suspected breaches are raised through him/her
2. Consolidating, filing and retaining all records of breaches or suspected breaches received, together with the status/ results of investigations
3. Reporting to the Board / Audit Committee of the Board on status of breaches or suspected breaches raised
4. Reporting major breaches or suspected breaches to the Board
5. Consulting the Legal Unit in development and maintenance of the Whistle-blower policy

2.2 Head of Human Resources

The Head of HR shall be responsible for:

1. Ensuring that all SBMBI employees are aware of the Whistle-blower Policy.
2. Creating a culture which encourages employees to report breaches or suspected breaches.

2.3 Head of Internal Audit

The Head of Audit shall be responsible for

1. Ensuring the Whistle Blower Policy is in effect
2. For providing independent validation of whistle blower processes during Internal Audits
3. Initiating independent investigations upon consultation with the Chief Executive and the Head/representative of Vigilance and Legal Units

2.4 Head of Legal

The Head of Legal shall be responsible for

1. Providing interpretation of the guidelines and the associated procedures
2. Providing legal advice in the course of investigations by the Internal Audit
3. Advising on the legality of recommendations of the Internal Audit Division
4. Assisting the Vigilance Unit in the development and maintenance of the Whistle Blower policy

The overall responsibility of monitoring the implementation of the Whistle blower policy will be that of the Board or the Audit Committee of the Board.

3. Operational Guidelines for Whistleblower Policy

3.1 Reporting Breaches and Suspected Breaches

3.1.1 Obligations

All employees are expected to cooperate in any investigation, audit or similar request. No employee may use their position to prevent others from extending their collaboration during the investigation.

3.1.2 Procedures

- The Chief Vigilance Officer of the bank is the Authority to receive the complaints. The complaint should be in writing and sent in closed/ sealed envelope.
- The text of the complaint to be drafted carefully and should be readable. The envelope shall be addressed to Chief Vigilance Officer and super scribed “Complaint under Whistle Blower policy of Bank”.

- The complainant should ensure that the issue raised by him/her involves dishonest intention/attempted fraud/misguiding clients/ misbehaving with clients or colleagues/ any moral angle which is unconstitutional/ accessing client information not pertaining to his/her area of business and/or any other activity which is suspicious in nature. He/she should study all the relevant facts and understand their significance and satisfy of the wrongful act prior to lodging the complaint.
- No acknowledgement would be issued, and the whistleblower/s should not enter into any further correspondence with the Bank in the matter.
- Depending upon seriousness of an issue, an anonymous complaint may also be accepted and investigated. However, the Committee will be the ultimate authority to ascertain how much weightage they will give on this anonymous complaint. If such complaint has been accepted, it must be given same importance as the other ones.
- In case the Committee decides not to investigate anonymous/ pseudonymous complaints, they must file the complaints for future reference purpose. If at any stage, the Whistle Blower comes forward identifying himself/herself to be the initiator of subject anonymous/ pseudonymous complaint with sufficient proofs then the Whistle Blower Committee at its discretion may take up such case for investigation.

3.1.3 Reporting Complaints - Procedure

The complaint shall be sent in a closed/ sealed & secured envelope or through an email.

3.1.4 Reporting within SBMBI

Prior to raising the issue with the RBI, the complainant shall first escalate the matter to SBMBI at the following address:

The Chief of Internal Vigilance

306 - A, The Capital, G Block BKC, Bandra East, Mumbai, Maharashtra 400051 Tel No.:
(91) (22) 40071500

Fax:(91) (22)22842966

Or

The Head, Human Resources

306 - A, The Capital, G Block BKC, Bandra East, Mumbai, Maharashtra 400051 Tel No.:
(91) (22) 40071500

Email: hr@smbank.co.in

3.1.5 Reporting to RBI

In case the complainant (stakeholders, customers, members of public) wants to report to RBI, the envelope shall be addressed to:

The Chief General Manager Reserve Bank of India,

Central Fraud Monitoring Cell, Department of Banking Supervision,

No.10/3/8, Nrupathunga Road, P.B. No 5467, Bengaluru-560001

The complainant shall ensure:

- The compliant should be sent in a closed/ secured envelope.
- The envelope shall be super scribed "Complaint under Protected Disclosures Scheme for Banks".
- The complainant shall give his / her name and address in the beginning or end of the complaint or in an attached letter. In case of an employee making such complaint, details such as name, designation, department our bank name and place of posting etc. shall be furnished.

- Complaints can also be made through e-mail giving full details as specified above. For this purpose, a specific e-mail address has been created on the RBI website: http://www.rbi.org.in/scripts/bs_view_content.aspx?ld=589#
- He/she shall study all the relevant facts and understand their significance. He/ she shall also make an effort, if possible, to resolve the issue through internal channels in order to avoid making the complaint.
- The text of the complaint is carefully drafted to ensure that all the details of the complaint shall be specific and verifiable.
- The complainant should ensure that the issue raised by him/her involves dishonest intention/attempted fraud/misguiding clients/ misbehaving with clients or colleagues/ any moral angle which is unconstitutional/ accessing client information not pertaining to his/her area of business and/or any other activity which is suspicious in nature. The complainant should study all the relevant facts and understand their significance. He/she should also make an effort, if possible, to resolve the issue through internal channels in order to avoid making the complaint directly to regulator.
- No acknowledgement would be issued, and the whistleblowers should not enter into any further correspondence with the Bank in the matter.
- Depending upon seriousness of an issue, an anonymous complaint may also be accepted and investigated. However, the Committee will be the ultimate authority to ascertain how much weightage they will give on this anonymous complaint. If such complaint has been accepted, it must be given same importance as the other ones.
- In case the Committee decides not to investigate anonymous/ pseudonymous complaints, they must file the complaints for future reference purpose. If at any stage, the Whistle Blower comes forward identifying himself/herself to be the initiator of subject anonymous/ pseudonymous complaint with sufficient proofs then the Whistle Blower Committee at its discretion may take up such case for investigation.

- After a complaint is lodged with RBI, the procedure followed by RBI is given in Appendix 1

3.2 Protection for whistle Blowers

Any employee, who reports a breach, provided it is done in good faith, and in compliance with the provisions of this policy, shall be protected against any act of reprisal, harassment, demotion, dismissal, disciplinary action, remedial action, suspension, threat or any method of discrimination or retaliation or victimization even if the reporting is not substantiated in subsequent investigation.

Employees who make a report in bad faith, for mischief or solely for the purpose of harming the reputation of the person, individual department or the Bank itself, may be dealt in accordance with existing HR Policy and Procedures, including appropriate disciplinary action.

3.2.1 Protective Measures

The protection of a person reporting a breach shall be guaranteed by the fact that their identity will be treated in confidence. This means that their name will not be revealed, unless the whistle blower personally authorizes the disclosure of his/her identity.

Where employees consider that they have been the victim of reprisal, harassment, discrimination, retaliation or victimization for reporting a breach or have good reason to believe or fear that they are exposed to any such risk of reprisal, harassment, discrimination, retaliation or victimization as a result of their reporting an irregularity, they are entitled to complain to the Head of Internal Audit or the Head of Compliance or the Chief Executive Officer or the Chairman of the Board.

3.3 Procedure for maintaining of records:

- The Vigilance Department will maintain a register of such complaints noting the serial number of the complaint, date of receipt, date of complaint, brief contents/ allegations

made in the complaint

- In order to keep confidentiality of the identity of the complaint no acknowledgment will be issued to the complainant.
- Complaints, received under the policy to be forwarded to the Vigilance Department with a covering letter in duplicate to serve as an acknowledgement for the recipient Department, marked “Confidential – complaint under Whistle Blower Policy”.

3.4 Procedure for enquiry/ Investigation/ Handling the Compliant

- Complaints under the policy received by the Vigilance Department shall be discreetly enquired into immediately
- The complainants need not enter into any further correspondence with the Bank in their own interest. It is necessary to verify the contents of the complaint. Bank will get in touch with the complainant at the address / phone number / e-mail ID given in the complaint.
- All Whistle Blower complaints received in the office would be seen by the Whistle Blower Committee as the case may be. The covering letter would be detached and kept under safe custody.
- The Competent Authority / Whistle Blower Committee may assign the investigation to an appropriate " Authority" ensuring that the identity of the whistle blower is not disclosed.
- If any complaint received with the allegation coming in the ambit of POSH (Prevention of Sexual Harassment) act, the same will be referred to the Committee constituted under POSH act in the Bank.

- All relevant papers / documents with respect to the matters raised in the complaint will be obtained, if necessary, by the Vigilance department and investigation in the matter will be commenced immediately.
- The investigation report in the matter would be submitted within 45 days of the receipt of complaint.
- Such investigation reports shall be submitted by the Competent Authority to the Whistle Blower Committee members for their review/ concurrence. However, if the employee against whom the investigation is carried out is an official who is a part of the Business Vertical/Segment headed by any of the Whistle Blower Committee members; in such case, the competent authority while submitting the investigation report to the Whistle Blower Committee shall advise such Committee member to recuse himself from the review and decision making process. Further, if the employee against whom the investigation is carried out is an official who is a part of the Whistle Blower Committee; in such cases, the Competent Authority shall keep the Audit Committee immediately informed on receipt of such complaints and submit the investigation report directly to the Audit Committee of the Board for their review/ concurrence under intimation to the other Whistle Blower Committee members.

3.5 Decision/ Reward/ Punishment

- On the basis of the investigation report, if allegations are proved to be correct then the Competent Authority shall recommend to the appropriate Disciplinary Authority to take suitable action against the responsible official as per the Conduct Regulations of the Bank. The Whistle Blower Committee and the Competent Authority shall be kept informed by the Disciplinary Authority on such disciplinary action being taken/taken based on the recommendations made in the investigation report so as to have their oversight on such actions.

- In case complaint proves to be wrong/incorrect then Bank may take disciplinary/appropriate action against the complainant for making false allegation and wasting Bank's time. The decision of the Whistle Blower Committee in this regard shall be final and binding on all.
- Whistle Blower Committee shall also have powers to look into and take necessary steps / actions in respect of any complaints received from the complaining employee about any harassment/victimization etc., such action may include involuntary demotion/resignation/retirement, disciplinary action, termination of employment, rejection of confirmation (in case of probation), etc. subsequent to his/her disclosing the concern to the Investigating Officers.
- If complainant is not the employee of the Bank and allegation proves to be false and baseless then the Bank will have right to take legal/ appropriate action against the complainant and complainant shall be liable to compensate the person against whom complaint is lodged.
- Preventive measures or any other action considered necessary shall also be taken by the Competent Authority.

3.6 Reporting Updates

Board or Audit Committee of the Board - Reporting

Significant concerns shall be raised to the Board / Audit Committee of the Board by the Head of Vigilance. The Head of Vigilance shall maintain a register for all allegations and recorded actions. The Head-Vigilance shall report all Whistle blowing cases/protected disclosures to the Audit Committee of the Board, together with results of investigations and an update on the actions taken by the management at least once every year.

3.7 Review of the Process

A Quarterly report and Annual Report with the number of complaints received under this mechanism and their outcome shall be placed before the Audit Committee.

3.8 Retention of documents

All Whistle Blower cases in writing or documented along with the results of investigation relating thereto shall be retained by the Bank for a minimum period of seven years. The proceedings of each Whistle Blower case duly reviewed/signed by the Concerned Authorities to be maintained for future requirement of either the Bank or the External Authority.

4. Policy Reviews

This Whistle Blower Policy will be reviewed at least once a year or more frequently. Further, inputs from the MD/CEO, SBMBI will also be sought at the time of the review, with regards to the policy.

5. Policy Amendment Authority

This policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the provisions of applicable laws or as may be prescribed by the Audit Committee / Board from time to time. The regulatory guidelines take precedence over the provisions of this policy and the policy will be suitably amended during next review so as to avoid any conflict between the regulatory guideline and the policy.

6 Annexures

Annexure 1

1. RBI/2006-2007/328 DO DBS. FrMC No. BC 5 / 23.02.011 / 2006-07 dated April 18,

2007 - Introduction of 'Protected Disclosures Scheme for Private Sector and Foreign banks.

3. The relevant provisions of the Companies Act, 2013

Annexure 2

Role of RBI

To protect the identity of the complainant, RBI will:

- Not issue any acknowledgement of receipt of the complaint and the complainants are advised not to enter into any further correspondence with the RBI in their own interest.
- RBI assures that, subject to the facts of the case being verifiable; it would take necessary action, as provided under the scheme. If any further clarification is required, RBI will get in touch with the complainant.

If the complaint is accompanied by particulars of the person making the complaint, the RBI shall take the following steps:

- If necessary, it would ascertain from the complainant whether he/she was the person who made the complaint or not;
- The identity of the complainant will not be revealed unless the complainant himself/herself has made the details of the complaint either public or disclosed his identity to any other authority;
- If the identity of the complainant is concealed, RBI shall make discreet inquiries to ascertain if there is any basis for proceeding further with the complaint;
- Either as a result of the discreet enquiry, or on the basis of complaint itself without any inquiry, if RBI is of the opinion that the matter requires to be investigated further, RBI may consider calling for the comments / response from the MD & CEO, SBMBI;

After obtaining the response of SBMBI and/ or on the basis of an independent scrutiny conducted/ ordered by RBI, if RBI is of the opinion that the allegations are substantiated, the RBI shall recommend appropriate action to SBM. These shall, inter alia, include the following:

- Appropriate action to be initiated against the concerned official;
- Appropriate administrative steps for recovery of the loss caused to the SBM as a result of the corrupt act or mis-use of office, or any other offence covered by the scheme;
- Recommendation to the appropriate authority/ agency for initiation of criminal proceedings, if warranted by the facts and circumstances of the cases;
- Recommendations taking corrective measures to prevent recurrence of such events in future;
- Consider initiating any other action that it deems fit keeping in view the facts of the case

If any person is aggrieved by any action on the ground that he/she is victimized due to filing of the complaint or disclosure, he/she may file an application before the RBI seeking redressal of the matter. RBI shall take such action, as deemed fit. In case the complainant is an employee of SBMBI, RBI may give suitable directions to SBMBI Ltd., preventing initiation of any adverse personnel action against the complainant.

Either on the basis of application of the complainant or on the basis of information gathered, if the RBI is of the opinion that either the complainant or the witnesses in the case need protection, the RBI shall issue appropriate directions to the SBMBI; the system evolved herein shall be in addition to the existing grievances redressal mechanism in place. However, secrecy of identity shall be observed, only if the complaint is received under the scheme.

In case RBI finds that the complaint is motivated or vexatious, RBI shall have the right to take appropriate steps.

In the event of the identity of the informant being disclosed in spite of RBI's directions to the contrary, the RBI shall be authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. RBI may also direct such person or agency to suitably compensate the complainant.