



SBM Bank India Ltd

Whistle Blower Policy

Synopsis of Whistle Blower Policy

Policy covers

- **Purpose and Scope**
- **Guiding Principles**
- **Roles and Responsibilities**
- **Reporting to RBI**
- **Operational Guidelines**
- **Investigation and Recommendations**

- **Purpose and Scope**

The policy aims to promote the reporting of any breach or suspected breach of internal policies, laws and other behaviour contrary to the SBM'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 breaches cover 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.

- **Guiding Principles**

- Employees shall have a choice of channels for reporting breach or suspected breach of whistleblowing.
- Protection of employees from being subject to reprisals, harassment, demotion, dismissal, disciplinary action, remedial action, suspension, threat or any method of discrimination, victimization or retaliation for whistleblowing or any disclosure of any breach or suspected breach done in good faith.
- Confidentiality of identity of employee who has reported breaches.
- Investigation of reported breaches/suspected breaches in an appropriate manner and, if the breach is confirmed, SBM shall take all necessary steps to implement appropriate remedies.

- **ROLES AND RESPONSIBILITIES**

- Head of Vigilance
- Head of HR
- Head of Audit
- Head of Legal

- **Operational Guidelines - Reporting breaches or suspected breaches**

- Employees are expected to co operate in any investigation, audit or similar request.
 - Employees may report breaches verbally or written.
 - Reporting may be done to Head – Vigilance, Head – Internal Audit or Head – HR
 - Reporting to be submitted in a closed/ secured envelope or through email/phone.
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- **Investigation and Recommendations**

Allegations shall be investigated at the discretion of the Bank after an assessment of the nature and seriousness of the concerns has been made, in consultation with the Chief Executive, where appropriate. Investigations shall be conducted by a committee constituting of the following members or their respective representatives: -

 - Head – Vigilance
 - Head – Internal Audit

Investigations shall be carried out by the Vigilance/ Internal Audit Division which is independent of line management as per the powers granted by the Audit Committee in the Internal Audit Charter.

POLICY DOCUMENT

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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, NGOs 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. Further, section 177 of the Companies Act, 2013 also requires company to establish a vigil mechanism.

In accordance with the regulatory instructions, SBM Bank (India) Ltd. has formulated the Whistle Blower Policy.

1.1 Definition

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 SBM (whether in India or overseas) either on an indeterminate or determinate contract.

SBM - means SBM Bank (India) Ltd.

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

Whistle blower – means an employee of SBM Bank (India) Ltd, customer, NGO, 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.

1.2 Purpose and Scope

The policy aims to promote the reporting of any breach or suspected breach of internal policies, laws and other behaviour contrary to the SBM’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 SBM Bank (India). 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 will not be covered under the Scheme and such complaints will not be entertained.

1.3 Context for Whistle Blower Policy

SBM is governed by the following values and is committed to an environment where open and honest communications are the norm: Commitment to Service, Fairness, Integrity, Performance Excellence and Team Work.

The Bank believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

This Whistle Blower policy provides defined tracks or channels for employees, customers, stakeholders etc., to report in a responsible manner, without fear of reprisal or victimization or harassment and in all confidentiality, any breach or suspected breach of policies, rules, laws and behaviour contrary to the Bank's Code of Ethics and Business Conduct.

2 GUIDING PRINCIPLES

- 1) Employees shall have a choice of channels for whistleblowing and communicating any breach or suspected breach. In certain circumstances, the employee shall be able to bypass the main channels for whistle blowing and report directly to the top management, or to an independent authority (audit/regulatory supervisor) if it proves to be more appropriate and more effective or if he/she feels uncomfortable, threatened reporting directly to the supervisor.
- 2) Employees must not under any circumstance be subject to reprisals, harassment, demotion, dismissal, disciplinary action, remedial action, suspension, threat or any method of discrimination, victimization or retaliation for whistleblowing or any disclosure of any breach or suspected breach done in good faith.
- 3) Employees who report breaches in good faith and have reasonable grounds for believing that there is a breach or suspected breach, must be protected and their identity shall be kept confidential and shall not be revealed without their consent.
- 4) The reported breaches/suspected breaches shall be investigated in an appropriate manner and, if the breach is confirmed, SBM Bank (India) shall take all necessary steps to implement appropriate remedies. Only relevant staff shall be involved in or made aware of same for effective investigation and appropriate action.

3 ROLES AND RESPONSIBILITIES

3.1 Head of Vigilance

The Head of Vigilance shall be responsible for:

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

3.2 Head of HR

The Head of HR shall be responsible for:

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

3.3 Head of Audit

The Head of Audit shall be responsible for

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

3.4 Head of Legal

The Head of Legal shall be responsible for

- Providing interpretation of the guidelines and the associated procedures
- Providing legal advice in the course of investigations by the Internal Audit Division
- Advising on the legality of recommendations of the Internal Audit Division
- 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 scheme will be that of the Board or the Audit Committee of the Board.

4 OPERATIONAL GUIDELINES FOR WHISTLEBLOWER POLICY

4.1 Reporting Breaches and Suspected Breaches

4.1.1 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.

4.1.2 Procedures

There are several channels through which employees may report breaches. Such reporting may be made by any means including verbal or written.

Under the policy, consideration shall be provided to the nature of the breach or suspected breach in choosing the most appropriate channel.

The channels available for the whistle blower are as follows: -

- i) Head - Vigilance
- ii) Head – Internal Audit
- iii) Head- HR

Where the above-mentioned channels are considered inappropriate, the employee may report his / her concern to the Chief Executive, or to an external regulatory authority, where the means to do so are provided by the regulator.

SBM India staff is required to comply with the Bank's Whistle blower policy.- In addition to the Bank's guidelines, the bank staff shall also ensure they adhere to the below guidelines.

Reporting Complaints - Procedure

The complaint shall be sent in a closed / secured envelope or through email/phone.

Reporting within SBM

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

The Managing Director & CEO
SBM Bank (India) Ltd.
101 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021
Tel No.: (91) (22) 43028800 Fax: (91) (22) 22842966 Email: ceo@smbbank.co.in

The Chief Vigilance Officer
101 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021
Tel No.: (91) (22) 43028805
Fax: (91) (22) 22842966

Or

The Head Human Resources
101 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021
Tel No.: (91) (22) 43028828
Email : hr@smbbank.co.in

Reporting to RBI

In case the complainant (stakeholders, customers, NGOs, members of public) is required to report to the 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_viewcontent.aspx?id=589#
- He/she shall study all the relevant facts and understand their significance. He 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 so as not to give any details or clue about the complainant's identity. The details of the complaint shall be specific and verifiable.
- The complainant should ensure that the issue raised by him involves dishonest intention/moral angle. He / she 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.

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

4.2 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.

4.2.1 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 victimisation 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 or the Chairman of the Board.

4.3 Investigation and Recommendations

Allegations shall be investigated at the discretion of the Bank after an assessment of the nature and seriousness of the concerns has been made, in consultation with the Chief Executive, where appropriate. Investigations shall be conducted by a committee constituting of the following members or their respective representatives: -

- Head – Vigilance
- Head – Internal Audit

Investigations shall be carried out by the Vigilance/ Internal Audit division which is independent of line management as per the powers granted by the Audit Committee in the Internal Audit Charter.

In the light of these investigations, the Vigilance/ Internal Audit may recommend any administrative steps or corrective measures to prevent recurrence of breach or initiation of any other action which is most appropriate in the circumstances.

However, there shall be no action if the allegation made in good faith proves to be unfounded.

4.4 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.

5 POLICY REVIEWS

This Whistle Blower Policy – India will be reviewed at least once a year or more frequently (if required) by Risk Management Team, SBM. Further, inputs from the CEO, SBM Bank (India) Ltd will also be sought at the time of the review, with regards to the policy.

6 POLICY AMENDMENT AUTHORITY

Risk Management Committee, SBM India must recommend to the Board any changes or amendments to the policy for their approval.

Reference

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.
2. The relevant provisions of Companies Act , 2013

APPENDIX 1

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, SBM Bank (India);
- After obtaining the response of SBM Bank (India) 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 SBM India, RBI may give suitable directions to SBM Bank (India) 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 SBM India; 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.