



WHISTLE BLOWER POLICY & PROTECTED DISCLOSURE SCHEME

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Table of Contents

Chapter 1	5
WHISTLE BLOWER POLICY	
1.1.Preface: -	5
1.2.The Scheme: -	5
1.3.Scope: -	6
1.4.Whistle Blower's Role: -	6
1.5.Eligibility: -	7
1.6.Disqualification: -	7
1.7.Procedure for lodging Complaint under Whistle Blower Policy: -	8
1.8.Complaints not to be entertained: -	9
1.9.Investigation: -	9
1.10.Investigators: -	10
1.11.Protection to whistle blower: -	11
1.12.Decision: -	11
1.13.Reporting: -	12
1.14.Retention of Document: -	12
1.15.Incentives/ Rewards to the Whistle Blower: -	12
1.16.Responsibility of Board of Directors: -	12
1.17.Amendment/Review: -	12
1.18.Disclosure in website and Board's Annual Report: -	12
Chapter 2	13
PROTECTED DISCLOSURE SCHEME	
2.1. Introduction: -	13
2.2 Scope and Coverage: -	13
2.3 Procedure for lodging the complaint under the Scheme: -	14

Chapter 1

WHISTLE BLOWER POLICY

1.1. Preface: -

Section.177 (9) & (10) of the Companies Act, 2013 stipulates establishment of a Vigil mechanism / Whistle Blower mechanism in listed companies to report genuine concerns and shall provide adequate safeguards against victimization of persons who use such mechanism. Disclosure of Information in public interest by the employees and other stake holders of the Organization is gaining acceptance for ensuring better Corporate Governance Standards and probity / transparency in the conduct of the affairs of the Bank.

The Bank believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. In order to meet this aim, the Bank intent to frame a Policy called “Whistle Blower Policy”.

‘Whistle Blower Policy’ provides a mechanism to report to the Ethic counselor (Chief Vigilance Officer or the Chairman of Audit Committee of Board (ACB) as the case may be) on instances of corruption, misuse of Office, unethical behavior, actual or suspected fraud or violation of the Bank’s code of conduct, failure to comply with existing rules and regulations resulting in financial loss/operational risk, loss of reputation etc.; detrimental to Depositors’/Public Interest, Misappropriation Bank’s asset etc.

This is in addition to the Protected Disclosures Scheme that the Bank has adopted in pursuance of the guidelines issued by the Reserve Bank of India to the Private Sector Banks in India.

1.2. The Scheme: -

The Bank will keep the identity of the complainant/customer/other person (whistle blower) secret, except in the following cases:

- (i) The complaint turns out to be vexatious or frivolous and action has to be initiated against the complainant.
- (ii) The complainant himself / herself has made the details of the complaint public.
- (iii) Under compulsions of law.

The Bank will be at liberty to take action against the complainants in cases where motivated/ vexatious complaints are made under the scheme, by using its own mechanism / the law enforcing agencies as the Bank deems fit.

The Bank will conduct an enquiry/ investigation and the complainant will be informed of the action taken within a period of three months. The complainant will be informed even in cases where it is revealed through enquiry/ investigation that the complaint is without substance.

Under no circumstances a genuine complainant will be victimized by the Bank. They will be safeguarded from any adverse personal vindictive action.

1.3.Scope: -

Employees are to be encouraged as a preventive vigilance measure to report incidences of undercover financial misconduct happening around the desk.

The policy intends to help employees/persons who have major concerns over any wrong doing within the Bank to report unlawful conduct, misconduct, malpractices, violation of any legal or regulatory provisions, financial mismanagement, accounting irregularities etc.

Through an exhaustive list of activities that constitute such misconduct/ malpractice / violations cannot be enumerated, it is expected that the following acts are to be reported under this Policy:

- (i) Criminal offence (e.g., frauds, corruption or theft) committed / likely to be committed.
- (ii) Failure to comply with legal / regulatory provision
- (iii) KYC/AML violations to provide some undue advantage to anyone.
- (iv) Breach of client promises by the Bank
- (v) Use of Bank funds in an unauthorized manner
- (vi) Sexual or physical abuse of a member of staff, service recipient or service provider.
- (vii) Any other form of improper action or conduct
- (viii) Information relating to any of the above deliberately concealed or attempts being made to conceal the same
- (ix) Fraudulent activity in an account.

The bank has provided this policy so as to enable concerns about such wrong doing(s) raised at an early stage and in the right way.

1.4. Whistle Blower's Role: -

- i. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine/suggest the appropriate corrective or remedial action that may be warranted in a given case.
- ii. 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 Chief Vigilance Officer or the Chairman of the Audit Committee of the Board (ACB)
- iii. Disclosures made under this Policy will be appropriately dealt with by the Bank, and these will be reported to the Audit Committee of the Board that will be the monitoring and appellate authority for the purpose of this Policy.
- iv. If any of the members of the Audit Committee of the Board shall have a conflict of interest in a given case, they should recuse themselves and the others on the Committee would deal with the matter on hand.
- v. Whistle Blower employees reporting fraudulent activity in an account to give reasons in support of their views

1.5. Eligibility: -

- i. Employees covering all the cadres such as Executives, Officers, Clerks / tellers, Sub-staff, etc., including the persons employed by or associated with the Bank on contractual or temporary basis.
- ii. Any person such as customers, Advocates and Valuers on Bank's panel, other professionals such as Chartered Accountants, Concurrent Auditors, Any Service Provider, Recovery / Collection Agent / AMC provider, any Vendor or any other Stake Holder's associated with the Bank.

1.6. Disqualification: -

- i. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

- ii. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a malafide intention.
- iii. Whistle Blowers, who make three or more Protected Disclosures, which have been subsequently found to be malafide, frivolous, baseless, and malicious or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistle Blowers, the Bank/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

1.7.Procedure for lodging Complaint under Whistle Blower Policy: -

- i. All Complaints under Whistle Blower Policy, should be addressed to the Chief Vigilance Officer, Vigilance Department, Dhanlaxmi Bank, Dhanlaxmi Building, Poonkunnam, Thrissur.680002 or to the email address – *vigilance@dhanbank.co.in*
- ii. Complaint against the Chief Vigilance Officer, Officers in Scale V and above and the Managing Director & CEO should be addressed to the Chairman of the Audit Committee of the Board (ACB) for investigation in the address or the email given under.

Chairman of the Audit Committee of the Board
 Dhanlaxmi Bank Limited,
 Dhanlaxmi Buildings,
 Corporate Office,
 Poonkunnam, Thrissur – 680002
 Email: *acbchairman@dhanbank.co.in*
- iii. If a Complaint under Whistle Blower Policy is received by any of the employee of the Bank, the same should be forwarded to the Chief Vigilance Officer for taking further appropriate action. The Chief Vigilance Officer must take appropriate care so that the identity of the Whistle Blower does not get divulged in the process.
- iv. Whistle Blower Complaints should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower. It is advisable to mention ***“Complaint/Information under Whistle Blower Policy”*** on the

cover or envelope to maintain confidentiality. The complaint should be addressed to the CVO or the Chairman of ACB as the case may be. The Policy also permits acceptance of complaints lodged orally disclosing the identity. All the complaints received by the CVO or the Chairman of ACB shall be entered into the register containing brief particulars of the complaint.

- v. The complaint can be filed in electronic form also in the given email address.
- vi. If the customer care division is receiving any complaint under Whistle Blower Policy, such complaints should be forwarded directly to the Chief Vigilance Officer or the Vigilance Department.
 - a. The Chief Vigilance Officer would ascertain from the complainant whether he / she were the person who made the complaint.
 - b. The identity of the complainant shall not be revealed unless the complainant himself / herself has made the details of the complaint either public or disclosed his / her identity to any other authority.
- vii. If the complaint except under clause 1.7 (ii) above is received directly by the Chairman of the Audit Committee, he shall detach the covering letter and without disclosing the name of the whistle blower, will forward the complaint to the Chief Vigilance Officer of the bank with his instruction regarding the investigation. If the complaint under clause 1.7 (ii) is received by the Chairman of the Audit Committee, he shall detach the covering letter and without disclosing the name of the whistle blower, will place before the Audit Committee and to be dealt with as per the directions of the Audit Committee.
- viii. Complaint should be factual and not speculative or in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

1.8.Complaints not to be entertained: -

Anonymous / pseudonymous complaints (orally / written) shall not be entertained normally and it may be dealt on merits.

A complaint of the following nature also shall not be entertained by the Chief Vigilance Officer or the Chairman, Audit Committee of the Board and the same may be dealt with on merit.

- (i) Where allegations are administrative in nature such as those relating to transfer, posting, recruitment, suspension etc., unless there is involvement of vigilance angle. For these types of matters, complainant can use any other mechanism which is in vogue.
- (ii) which are addressed or endorsed to multiple authorities.
- (iii) which are not directly addressed to the Chief Vigilance Officer or to the Chairman of the ACB.
- (iv) which are vague, frivolous or not specific in content or nature.
- (v) contain matters which are sub-judice before any competent Court or Tribunal or Authority.
- (vi) which are illegible.

1.9. Investigation: -

- i. All complaints received under the Whistle Blower Policy shall be thoroughly investigated by the Chief Vigilance Officer or the Chairman, Audit Committee of the bank, as the case may be, in accordance with the extant procedure. The Chief Vigilance Officer / the Chairman of ACB may at its discretion consider entrusting investigators for the purpose of investigation.
- ii. The decision to conduct an investigation is not an accusation and is to be treated as a fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- iii. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- iv. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- v. Subjects shall have a duty to co-operate with the Chief Vigilance Officer / Chairman of ACB or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- vi. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects. If he/she is found indulging in any such actions, it will make them liable for disciplinary action. Under no circumstances, subjects should compel investigator to disclose the identity of the Whistle Blower.

- vii. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is evidence in support of the allegation.
- viii. Subjects have a right to be informed of the outcome of the investigation.
- ix. The investigation shall be completed normally within 45 days of the receipt of the Whistle Blower Complaint. But the Chief Vigilance Officer / Chairman of the ACB may extend the period of the investigation, if required, on sufficient grounds. However, the entire proceedings including the final decision on the complaint shall be completed within 180 days from the receipt of the complaint.

1.10. Investigators: -

- i. Investigators are required to conduct a process towards fact-finding and analysis related to alleged improper or unethical activities. Investigators shall derive their authority and access rights from the Chief Vigilance Officer/ Chairman of the ACB when acting within the course and scope of their investigation.
- ii. Technical and other resources may be drawn upon necessity to augment the investigation. All investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.
- iii. Investigations will be launched only after a preliminary review either by the Chief Vigilance Officer or Chairman of the ACB, which establishes that:
 - a. The alleged act constitutes an improper or unethical activity or conduct, and
 - b. The allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

1.11. Protection to whistle blower: -

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having given a complaint under this Policy. The Bank, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against the Whistle Blowers. Complete protection will be given to the Whistle Blowers against any unfair

practice. The bank will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the complaint. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Bank will arrange for the Whistle Blower to receive advice about the procedure etc. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

The Investigation Officer and any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

While the Bank is determined to provide appropriate protection to the genuine Whistle Blower, the employees at the same time are advised to refrain from using this facility for furthering their own personal interest. If proved, appropriate disciplinary action shall be initiated against such Whistle Blowers.

No adverse personnel action shall be taken or recommended against an employee (Whistle Blower) in retaliation to his lodging a complaint under this policy. However, he shall not be protected for his misconduct, which does not relate to the disclosure made as a whistle blower.

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct shall be subject to disciplinary action and will not be protected under the policy.

1.12. Decision: -

If an investigation leads the Chief Vigilance Officer/ Chairman of the ACB to conclude that an improper or unethical act has been committed, the Chief Vigilance Officer/Audit Committee shall recommend to the management of the Bank to take such disciplinary or corrective action as they deem fit. It is clarified that 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 officer or staff conduct and disciplinary procedures.

1.13. Reporting: -

The Chief Vigilance Officer shall submit a report on a quarterly basis to the Audit Committee regarding total number of disclosures received in previous quarter, nature of complaint, outcome of investigation, actions recommended by the Chief Vigilance Officer/ Chairman of ACB and implementation of the same.

1.14. Retention of Document: -

All complaint 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.

1.15. Incentives/ Rewards to the Whistle Blower: -

The Bank will issue letters of appreciation to the Whistle Blower, signed by Managing Director & CEO or consider other forms of recognizing the effort in case of genuine complaint/s proved subsequently on investigation, depending on the magnitude of the loss/ damage detected/ avoided.

1.16. Responsibility of Board of Directors: -

The Board of Directors of the Bank shall have the responsibility for proper implementation of this “Whistle Blower Policy” in the Bank. The Audit Committee of the Board is authorized by the Board to monitor and review the functioning of the Scheme in the Bank on a half yearly basis.

1.17. Amendment/Review: -

The Bank reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees unless the same is informed by means of Circulars/Letters.

1.18. Disclosure in website and Board’s Annual Report: -

The “Whistle Blower Policy” of the Bank shall be disclosed on Bank’s website and Intranet.

Chapter 2

PROTECTED DISCLOSURE SCHEME

2.1. Introduction: -

Disclosure of information in the public interest by the employees of an organisation is increasingly gaining acceptance by public bodies for ensuring better governance standards and probity / transparency in the conduct of affairs of public institutions. Large scale corporate frauds had necessitated, internationally, various legislative measures for safeguarding public interest, through enactments such as Whistleblower Protection Act in USA and Public Interest Disclosure Act in UK. In the Indian context, the Government of India had passed a resolution on April 21, 2004 authorizing the Central Vigilance Commission (CVC) as the 'Designated Agency' to receive written complaints or disclosure on any allegation of corruption or of misuse of office and recommend appropriate action. The jurisdiction of the CVC in this regard is restricted to employees of the Central Government or of any Corporation established by it or under any Central Act, Government Companies, Societies or Local Authorities owned or controlled by the Central Government.

As a proactive measure for strengthening financial stability and with a view to enhancing public confidence in the robustness of the financial sector, RBI has formulated a scheme called "Protected Disclosures Scheme for Private Sector and Foreign Banks". The salient features of the Scheme are as under:

2.2 Scope and Coverage: -

As Public Sector Banks and Reserve Bank of India (since it is an entity established under Central Statute) have already been brought under the purview of Government of India scheme, with a view to avoid duplication, this Scheme would cover all private sector and foreign banks operating in India.

The complaints under the Scheme would cover the areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, failure to comply with 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.

Under the Scheme, employees of the bank concerned (private sector and foreign banks operating in India), customers, stake holders, NGOs and members of public can lodge complaints.

Anonymous / pseudonymous complaints will not be covered under the Scheme and such complaints will be dealt as per merit of the case.

Reserve Bank of India (RBI) will be the Nodal Agency to receive complaints under the Scheme. RBI would keep the identity of the complainant secret, except in cases where complaint turns out to be vexatious or frivolous and action has to be initiated against the complainant as mentioned at para 2.6 below.

The institution against which complaint has been made can take action against complainants in cases where motivated / vexatious complaints are made under the Scheme, after being advised by RBI. An opportunity of hearing will be given by the bank to the complainant before taking such action.

Final action taken by RBI on the complaint will be intimated to the complainant.

2.3 Procedure for lodging the complaint under the Scheme: -

The complaint should be sent in a closed / secured envelope.

The envelope should be addressed to The Chief General Manager, Reserve Bank of India, Department of Banking Supervision, Fraud Monitoring Cell, Third Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai 400 005. The envelope should be super scribed "Complaint under Protected Disclosures Scheme for Banks".

The complainant should 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, institution and place of posting etc. should be furnished.

Complaints can be made through e-mail also giving full details as specified above. For this purpose, a specific e-mail address has been created- **dbspd@rbi.org.in**.

The complainant should ensure that the issue raised by him involves dishonest intention/moral angle. He should study all the relevant facts and understand their significance. He should 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 should be carefully drafted so as not to give any details or clue to complainant's identity. The details of the complaint should be specific and verifiable.

In order 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:

- a) If necessary, it would ascertain from the complainant whether he was the person who made the complaint or not.
- b) The identity of the complainant will not be revealed unless the complainant himself has made the details of the complaint either public or disclosed his identity to any other authority.
- c) 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.
- d) 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 Chairman / Chief Executive Officer of the concerned bank.

e) After obtaining the response of the concerned bank 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 the concerned bank. These shall, inter alia, include the following:

- i. Appropriate action to be initiated against the concerned official.
- ii. Appropriate administrative steps for recovery of the loss caused to the bank as a result of the corrupt act or mis-use of office, or any other offence covered by the Scheme.
- iii. Recommend to the appropriate authority / agency for initiation of criminal proceedings, if warranted by the facts and circumstances of the cases.
- iv. Recommend taking corrective measures to prevent recurrence of such events in future.
- v. 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 is victimized due to filing of the complaint or disclosure, he may file an application before the RBI seeking redressal in the matter. RBI shall take such action, as deemed fit. In case the complainant is an employee of the bank, RBI may give suitable directions to the concerned bank, 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 concerned bank.

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 be at liberty 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.

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