WHISTLE BLOWER POLICY AND CODE OF CONDUCT

1. Preface.

a) Disclosure of Information in public interest by the employees of the Organization is gaining acceptance by Public Bodies for ensuring better Corporate Governance Standards and probity / transparency in the conduct of the affairs of the Bank.

b) 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. Towards this end, the Bank has adopted the Code of Conduct (“the Code”), which lays down the principles and standards that should govern the actions of the Bank and their employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Bank. The role of officers/staff in pointing out such violations of the Code cannot be undermined. There is a provision under the Code requiring employees to report violations.

c) The Bank intends to establish a mechanism called ‘Whistle Blower Policy’ for employees to report to the management instances of corruption, misuse of Office, unethical behaviour, 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.

d) Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view to providing a mechanism for employees of the Bank to approach the Ethics Counsellor / Chairman of the Audit Committee.

This is in addition to the non-mandatory mechanism available now to the employees of the Bank also under “Dhanlaxmi Bank Protected Disclosures Scheme”

2. Definitions

The definitions of some of the key terms used in this policy are given below. Capitalised terms not defined herein shall have the meaning assigned to them under the Code.


b. “Audit Committee” means the Audit Committee constituted by the Board of Directors.
c. “Employee” means every Workman / Officer of the Bank


e. “Ethics Counsellor” means The Head of the Vigilance Department of the Bank

f. “Investigators” mean those persons authorized, appointed, consulted or approached by the Ethics Counsellor /Audit Committee and include the Officers of Vigilance Department, auditors of the Bank and the Police.

g. “Protected Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity

h. “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.

i. “Whistle Blower” means an Employee making a Protected Disclosure under this Policy.

3. Scope

a) This policy is an extension of the Code of Conduct. 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 the appropriate corrective or remedial action that may be warranted in a given case. Whistle Blowers provide initial information related to a reasonable belief that an improper or unethical practice has occurred.

b) 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 Ethics Counsellor or the Audit Committee or the Investigators.

c) Protected Disclosure will be appropriately dealt with by the Ethics Counsellor/ Audit Committee, as the case may be.
4. Eligibility

All employees of the Bank are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Bank.

5. Disqualification

a) 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.

b) 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.

c) 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.

6. Procedure

a. All protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Bank for investigation.

b. In respect of all other Protected Disclosures, those concerning the Ethics Counsellor and employees at the levels of Scale V and above should be addressed to the Chairman of the Audit Committee of the Bank and those concerning other employees should be addressed to the Ethics Counsellor of the bank.

c. If a Protected Disclosure is received by any executive of the Bank/Vigilance Department of the Bank other than Chairman of the Audit Committee or Ethics Counsellor, the same should be forwarded to the Ethics Counsellor for further appropriate action. They must take appropriate care so that the identity of the Whistle Blower does not get divulged in the process.

d. Protected Disclosures 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. However in special
circumstances anonymous complaints (orally / written) may also be entertained. The Policy also permits acceptance of complaints lodged orally disclosing the identity of the employee. The complaint can be filed in electronic form also in which case Bank will take the following steps

i. It would ascertain from the complainant whether he / she was the person who made the complaint.

ii. 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 / her identity to any other authority.

e. If the Protected Disclosure is received by the Chairman of the Audit Committee, he shall detach the covering letter and forward only the protected Disclosure to the Ethics Counsellor of the bank for investigation.

f. Protected Disclosures 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.

7. Investigation

a. All protected Disclosures reported under this Policy will be thoroughly investigated by the Ethics Counsellor / Audit Committee of the bank in accordance with the normal procedure. The Ethics Counsellor / Audit Committee may at its discretion, consider the involvement of any investigators / Vigilance Department for the purpose of Investigation.

b. The decision to conduct an investigation is not an accusation and is to be treated as a neutral 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.

c. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

d. 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.
e. Subjects shall have a duty to co-operate with the Ethics Counsellor /Audit Committee 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.

f. Subjects have a right to consult with a person or persons of their choice, save and except Ethics Counsellor / Investigators and/or the Audit Committee and/or the Whistle Blower.

g. 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 is found indulging in any such actions, will make himself liable for disciplinary actions. Under no circumstances, subjects should compel investigator to disclose the identity of the Whistle Blower.

h. 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 good evidence in support of the allegation.

i. Subjects have a right to be informed of the outcome of the investigation.

j. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure. But the Chairman of the Audit Committee may extend the period of the investigation if required.

8. Investigators

a. 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 Bank/Audit Committee when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.

c. Investigations will be launched only after a preliminary review either by the Ethics Counsellor or Chairman of the Audit Committee, which establishes that:
1. The alleged act constitutes an improper or unethical activity or conduct.

2. 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. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

9. Protection

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure 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 Protected Disclosure. 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.

a. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

b. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

c. While the Bank is determined to provide appropriate protection to the genuine Whistle Blower, the employees at the same 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.

10. Decision

If an investigation leads the Ethics Counsellor/ Audit Committee to conclude that an improper or unethical act has been committed, the Ethics Counsellor/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.
11. Reporting

The Ethics Counsellor 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 Ethics Counsellor / Audit Committee and implementation of the same.

12. Retention of document

All protected Disclosures 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.

13. Amendment

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 to the Employees by means of Circulars/Letters.

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CODE OF CONDUCT

Preamble

The Award Staff of the Bank are governed by the Provisions of Bi-partite Settlement and Officers by "Dhanalakshmi Bank Officers Service Regulations and Dhanalakshmi Bank Officers (Conduct and Discipline) Regulations. Notwithstanding the provisions contained in the above Settlement / Regulations, this Code of Conduct is framed in compliance of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as part of Corporate Governance to establish a mechanism for employees to report to the management concerns about unethical behaviour or suspected fraud or violation of the Bank’s code of conduct or ethics policy. In order to establish the mechanism, the Bank has decided to lay down a Code of Conduct (Code) for all categories of employees.

II. Bank’s belief system

This Code of Conduct attempts to set forth the guiding principles on which the Bank shall operate and conduct its daily business with its multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected. It recognizes that the Bank is a trustee and custodian of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of public at large.

The Bank acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. The Bank is conscious of the reputation it carries amongst its customers and public at large and shall endeavour to do all it can to sustain and improve upon the same in its discharge of obligations. The Bank shall continue to initiate policies, which are customer centric and which promote financial prudence.

III. Philosophy of the Code

The code envisages and expects –

a) Adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships.

b) Full, fair, accurate, sensible, timely and meaningful disclosures in the periodic reports required to be filed by the Bank with government and regulatory agencies.

c) Compliance with applicable law, rules and regulations.

d) To address misuse or misapplication of the Bank’s assets and resources.

e) The highest level of confidentiality and fair dealing within and outside the Bank.
General Standards of Conduct

The Bank expects all staff members to exercise good judgement, to ensure the interests, safety and welfare of customers, employees, and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization. The staff members while discharging duties of their office must act honestly and with due diligence. They are expected to act with utmost care and prudence, which an ordinary person is expected to take in his/her own business. These standards need to be applied while working in the premises of the Bank, at offsite locations where the business is being conducted whether in India or abroad, at Bank-sponsored business and social events, or at any other place where they act as representatives of the Bank.

Conflict of Interest

A “conflict of interest” occurs when personal interest of any member of the staff interferes or appears to interfere in any way with the interests of the Bank. Every member of the staff has a responsibility to the Bank, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the Bank’s interest such as –

- **Employment / Outside Employment** – They are expected to devote their total attention to the business interests of the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank or otherwise is in conflict with or prejudicial to the Bank.

- **Business Interests** – If any member of the staff considers investing in securities issued by the Bank’s customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to the Bank. Many factors including the size and nature of the investment; their ability to influence the Bank’s decisions; their access to confidential information of the Bank, or of the other entity, and the nature of the relationship between the Bank and the customer, supplier or competitor should be considered in determining whether a conflict exists. Additionally, they should disclose to the Bank any interest that they have which may conflict with the business of the Bank.

- **Related Parties** – As a general rule, they should avoid conducting Banking business with a relative or any other person or any firm, Company, Association in which the relative or other person is associated in any significant role except for opening of deposit accounts and acceptance of deposits at the rates of interest as permitted by the Bank from time to time.
Applicable Laws

The members of the staff must comply with applicable laws, regulations, rules and regulatory orders. They should report any inadvertent non-compliance, if detected subsequently, to the concerned authorities.

D. Disclosure Standards

The Bank shall make full, fair, accurate, timely and meaningful disclosures in the periodic reports required to be filed with Government and Regulatory agencies. The members of the staff of the Bank shall initiate all actions deemed necessary for proper dissemination of relevant information to the Board of Directors, Auditors and other Statutory Agencies, as may be required by applicable laws, rules and regulations.

Use of Bank’s Assets and Resources:

Each employee has a duty to the Bank to advance his / her legitimate interests while dealing with the Bank’s assets and resources. Employees are prohibited from:

- Using corporate property, information or position for personal gain;
- Soliciting, demanding, accepting or agreeing to accept anything of value from any person while dealing with the Bank’s assets and resources;
- Acting on behalf of the Bank in any transaction in which they or any of their relative(s) have a significant direct or indirect interest.

Confidentiality and Fair Dealings

1. Bank’s Confidential Information

The Bank’s confidential information is a valuable asset. It includes all trade related information, trade secrets, confidential and privileged information, customer information, employee related information, strategies, administration, research in connection with the bank and commercial, legal, scientific, technical data that are either provided to or made available to each employee by the Bank either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Bank. All confidential information must be used for bank’s business purposes only. Every employee of the Bank has executed a Declaration of fidelity and secrecy to the Bank at the time of joining.
The responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Bank’s policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Bank has rightfully received under non-disclosure agreements.

To further the Bank’s business, confidential information may have to be disclosed to potential business partners. Such disclosure should be made after considering its potential benefits and risks. Care should be taken to divulge the most sensitive information, only after the said potential business partner has signed a confidentiality agreement with the Bank and only after obtaining the prior permission of the appropriate authorities in the Bank.

Any publication or publicly made statement that might be perceived or construed as attributable to the Bank, made outside the scope of any appropriate authority in the Bank, should include a disclaimer that the publication or statement represents the views of the specific author and not the Bank.

2. Other Confidential Information –

The Bank has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Bank to enter into a business relationship. At other times, the Bank may request that a third party provide confidential information to permit the Bank to evaluate a potential business relationship with that party. Therefore, special care must be taken to handle the confidential information of others responsibly. Such confidential information should be handled in accordance with the agreements with such third parties.

- The Bank requires full compliance with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.
- Staff members shall not accept any offer, payment, promise to pay, or authorization to pay any money, gift or anything of value from customers, suppliers, shareholders / stakeholders, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud.

IV. Waivers

- Any waiver of any provision of this Code of Conduct for a member must be approved in writing by the Board of Directors of the Bank.

The matters covered in this Code of Conduct are of utmost importance to the Bank, its stakeholders and its business partners, and are essential to the Bank’s ability to conduct its business in accordance with its value system.