



Utkarsh Small Finance Bank

WHISTLE BLOWER POLICY

1- Background

The Bank aims for the highest level of Corporate Governance and is committed to ensure ethics, integrity, accountability and transparency. In order that these are maintained on an on-going basis and to provide safeguards to various stakeholders that would include shareholders, depositors and employees, the Bank has formulated a "Whistleblower Policy" that is explained in the ensuing paragraphs.

This policy has been formulated in compliance with the Companies Act, 2013, as amended and related rules, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") as amended and RBI Guidelines No: RBI/2006-2007/328 DO DBS. FrMC.NoBC.5/23.02.011/2006-07 dated April 18,2007 on introduction of 'Protected Disclosures Scheme for Private Sector and Foreign Banks'.

2- Objectives

- I. This policy establishes a mechanism to receive complaints relating to disclosure on any allegation of corruption or willful misuse of power or willful misuse of discretion against any bank employee and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimization of the person making such complaint and for matters connected therewith and incidental thereto.
- II. This Policy provides employees a platform for reporting their concern without fear of retribution or vengeful action from the persons against whom the complaint was submitted. Any report of wrongdoing in an anonymous manner would also be considered as a complaint.
- III. This policy provides employees, depositors, borrowers, and various other stakeholders etc. an avenue to raise concerns of corruption, misuse of office, criminal offences, behavioral issues, suspected/actual fraud, failure to comply with existing rules and regulations such as the Banking Regulation Act 1949 and other applicable laws, and actions resulting in financial loss, operational risks, loss of reputation etc. detrimental to the depositors'/ Bank's/ stakeholders'/public's interests.
- IV. The purpose of the policy is to promote responsible and secure whistle blowing by protecting the whistle blower against any illegal harassment or victimization, and to discourage fake or false complaints with ulterior motives or out of personal reasons with an object to malign the integrity or image of any innocent employee.

3- Applicability

The policy applies to all employees of the Bank. The policy shall also apply to any complaints made by directors, other stakeholders of the Bank, customers, Non-Governmental Organizations (NGOs) and members of public.

4- Definitions

- I. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Bank in accordance with the guidelines of the RBI and the Companies Act, 2013, as amended and related rules.
- II. "Bank" means Utkarsh Small Finance Bank Limited.
- III. "Chief of Internal Vigilance" means the designated officer appointed in accordance with the RBI guidelines on Internal Vigilance in Private sector and Foreign Banks dated May 26, 2011.
- IV. "Designated Authority" refers to the Whistleblower Committee or the Chairman of the Audit Committee of the Board.
- V. "Employee" means and includes any director or employee, personnel, consultant, retainer, contractor, agency staff, etc. of the Bank
- VI. "Protected Disclosure" means a concern raised by way of a written or e-mail communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity with respect to the Bank (as described more particularly in Clause 5). 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 a proper assessment on the nature and extent of the concern and the urgency of an investigation.
- VII. "Subject" refers to an employee against or in relation to whom a Protected Disclosure is made or against whom evidence has been gathered during the course of an investigation.
- VIII. "Whistleblower" refers to an Employee or any other stakeholder, who reports suspected occurrence(s) of illegal, unethical or inappropriate actions, behaviors or practices by staff within the Bank.
- IX. "Whistleblower Committee" shall refer to the committee constituted under Clause 8 of this policy.

5- Scope and Coverage of The Whistleblower Policy

- I. The Policy aims to address the concerns of stakeholders relating to any wrongdoing within the Bank, enabling them to report suspected occurrence(s) of illegal, unethical or inappropriate actions, behaviors or practices.

- II. As the range of activities that constitute misconduct/offence under the Whistleblower Policy is large and it may be difficult to list these exhaustively. Here are some illustrations, but, not limited to the following:
- a) Violation of Code of Conduct for employees.
 - b) Misuse of office and authority.
 - c) Violation of laid down rules and regulations or communicated procedures of the Bank (relating to accounting, internal control, operations etc.).
 - d) Any fraud in preparation of financial statements of the Bank.
 - e) Failure to comply with legal, compliance and regulatory requirements.
 - f) Misappropriation of funds.
 - g) Actual or suspected fraud or irregularities including forgery or alteration of documents.
 - h) Criminal offences committed or likely to be committed that may implicate the Bank or otherwise adversely affect its reputation.
 - i) Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability.
 - j) Illegal activities, corruption and deception.
 - k) Malpractices/negligence/events causing danger to public health and safety.
 - l) Cases of conflict of interest – e.g. sanction of loans, investment decisions, and purchase of goods and hiring of services where an employee may have an interest. (direct or indirect)
 - m) Any other form of inappropriate/unethical/unlawful action or conduct (conduct may be considered unethical if it undermines universal core ethical values such as integrity and honesty).
 - n) Complaints of sexual harassment received by the Whistleblower Committee will be referred to the “Internal Complaints Committee” set up for this purpose on the basis of the “Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013”, passed by the Government of India in December 2013.

It is hereby clarified that anonymous/ pseudonymous complaints will not be covered under this policy and such complaints will not be entertained and this policy shall not

become a route for raising malicious or unfounded allegations against the subordinates, colleagues or superiors.

6- Role of The Whistleblower

- I. A Whistleblower is a person who reports a misconduct/ misdemeanor, as stated earlier, without acting as an investigator and will not, therefore, act on his own in conducting an investigative activity, other than as requested by the Designated Authority or the Audit Committee of the Board.
- II. On observing/detecting a wrong-doing or misdemeanor, the Whistleblower will only report and not determine corrective or remedial action that may be warranted, under the circumstances.
- III. The Whistleblower should provide specific and verifiable details in the Protected Disclosure in an appropriate language that is not offensive.
- IV. In order to support their disclosure, the Whistleblower should provide sufficient evidence to establish a prima facie case for investigation.

7- Protection Available to The Whistleblower

- I. The identity of the Whistleblower (in case revealed) shall be kept confidential and will not be revealed unless required in terms of an order of a court of law, or unless agreed to by the Whistleblower.
- II. Complete protection will be given to the Whistleblower against any kind of discrimination, harassment, victimization, retaliation, retribution, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion or refusal of promotion, etc. consequent upon his/ her having reported a Protected Disclosure against any other unfair practice, including any direct or indirect use of authority adopted to obstruct the Whistleblower from making further Protected Disclosure. Such protection will be provided only if the Whistleblower has reasonable information or documents in support of Protected Disclosure and that such Protected Disclosure has made in good faith and not for personal gain or animosity against the Subject.
- III. A Whistleblower will not get protection under the Policy if s/he is herself / himself found guilty of misconduct. In other words, while the Whistle Blower Committee will take cognizance of the Protected Disclosure, the employee's misconduct will be dealt with separately.
- IV. The Bank will take steps to minimize difficulties that a Whistleblower may face in the submission of a Protected Disclosure. For instance, he will be reimbursed expenses incurred in travel, boarding and lodging for tendering evidence, if warranted.

- V. Suitable disciplinary action (including termination of service) may be taken against the subject in case s/he is found guilty of misconduct against the Whistleblower, in retaliation to a complaint submitted.
- VI. In case any action has been initiated against the Whistleblower (for acts of omission or commission attributed to him) the disciplinary authority in such cases would be one level higher than the disciplinary authority in the normal course of action.
- VII. Any employee who assists in investigating a Protected Disclosure will also be protected to the same extent as the Whistleblower.
- VIII. In case the protection to the Whistleblower as well as Employees assisting in the investigation (as outlined above) is violated in any manner, the same may be reported to the Designated Authority.

8- Composition of The Whistle Blower Committee

The Whistle Blower Committee presently comprises of the following members:

- I. Chief Compliance Officer
- II. Head –Internal Audit
- III. Chief Risk Officer
- IV. Chief Human Resource Officer
- V. Chief of Internal Vigilance

Chief Compliance Officer would be the Chairman of the Whistleblower Committee. All positions are ex - officio and in case of resignations, the new incumbent would become member of the Committee.

The Chairman would however, be selected by the Managing Director and Chief Executive Officer MD & CEO in case if all are new incumbents.

Chief of Internal Vigilance shall perform such functions and duties as mentioned in the Reserve Bank of India, Guidelines on Internal Vigilance in Private sector and Foreign Banks dated May 26, 2011.

9- Role of The Whistle Blower Committee

- I. The Committee will consider the credibility of the complaint submitted through the Protected Disclosure, the gravity of the issue raised and the likelihood of proving the allegation(s) from independent, verifiable sources.
- II. The Committee would have the discretion to appoint any official(s) in the Bank (considered suitable for the purpose) to carry out any investigation as may be felt necessary to validate the complaint(s) received by it. Investigation of Whistleblower

complaint will commence immediately on determination of the eligibility of the complaint under reference to be considered as Whistleblower complaint. Such investigation shall be completed within 01 month of commencement.

- III. The Committee may decide on carrying out further investigation(s) upon the receipt of the report of the official undertaking the initial investigation(s). Wherever such further investigation(s) is undertaken, the same will also be completed within 01 month of commencement.
- IV. Final closure of the complaints received under the Whistle Blower policy will be determined by the Whistle Blower Committee.

10- Procedure for Reporting Protected Disclosures

- I. All Protected Disclosures reported against officials should be addressed to the Whistleblower Committee which may be reported through the following channels:
 - Email ID: whistleblower@utkarsh.bank or Phone No: (022) 68729526
 - Email to any of the members of the Committee; or
 - Sent to the Bank in a closed and secured envelope and superscribed as "Protected Disclosure under the Whistle Blower policy" at the First Floor, Om Prakash Arcade, Central Avenue, Chembur (East) Mumbai- 400071 addressing the same to Chief Compliance Officer of the Bank. If the envelope is not superscribed and closed as mentioned above, it will not be possible to protect the Whistle Blower and the Protected Disclosure will be dealt with, as if a normal disclosure. Protected Disclosures against any member of the Whistleblower Committee would be perused by MD & CEO, who would decide the action to be taken against the Employee, and Chief of Internal Vigilance and such report would be placed to the Audit Committee with the proposed action.
- II. Protected Disclosure against the MD & CEO and Chief of Internal Vigilance may be directly submitted to the Audit Committee. The Audit Committee can involve any Employee above the grade of Vice President for investigation or appoint a legal firm to investigate the case. Such report would be directly submitted to Audit Committee for action.
- III. Protected disclosures should preferably be reported in writing in order to ensure a precise understanding of the issues raised and can be in English, Hindi or any regional language.
- IV. In case the Whistleblower has a personal interest in the matter, it should be disclosed at the outset in the forwarding letter/email message.
- V. The covering letter/email message should prominently indicate that the Protected Disclosure/complaint is being made under the "Whistleblower Policy" and marked Confidential.

- VI. The Committee Member shall detach the covering letter/email message and forward only the Protected Disclosure to the investigators for investigation.
- VII. In order that the confidentiality of the Whistleblower (in case of an employee who has revealed his/her identity) is maintained, an acknowledgement of receipt of the Protected Disclosure/complaint will be sent to the Whistleblower only through email.
- VIII. In line with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, employees can also report instances of leak of unpublished price sensitive information.

11- Investigation and Redressal of the Protected Disclosure/ Complaint

- I. The Protected Disclosure or complaint received by the Whistleblower Committee will be examined by it to determine if a prima-facie case exists for further investigation.
- II. In case the Whistleblower Committee desires that further investigation is required, the same shall be completed within a month of submission of the initial / previous report, as applicable.
- III. During the investigation, the Whistleblower Committee will not attempt to conceal evidence of the Protected Disclosure and shall take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made or any other further Protected Disclosure which is to be made.
- IV. The Whistleblower Committee will be the final authority to decide whether the allegations would be informed to the Subject at the beginning of the formal investigation or at a later stage, based on the nature of the Protected Disclosure/ complaint.
- V. The Whistleblower Committee will provide an opportunity of being heard to the Subject(s) and other persons involved.
- VI. The identity of the Subject(s) as well as the Whistleblower will be kept confidential to the extent possible given the legitimate needs of law and the stage of the investigation.
- VII. The Whistleblower will generally be informed about the final decision within 90 days of receipt of the Protected Disclosure / complaint.
- VIII. If either the Whistleblower or the Subject is dissatisfied with the disposal of his Protected Disclosure report, they may approach the MD & CEO and/or the Chairman of the ACB for review.

In case there is a Whistleblower complaint against any of the directors of the Bank, the same may also be addressed to the Chairperson of the ACB at the above referred designated Email ID.

If the Whistleblower complaint is against the Chairperson of the ACB, the same may be addressed to the Chairperson of the Board of Directors of the Bank.

- IX. If the findings bring out any loss caused to the Bank as a result of the corrupt act/ misuse of office by any of the official/ Employee of the Bank, appropriate administrative process may be recommended by the Whistleblower Committee for recovery of the loss caused to the Bank.
- X. Apart from the disciplinary action or recovery process as stated above if Whistleblower Committee is of the opinion that any further action including criminal proceedings is warranted by the facts and circumstances of the case, it may so be recommended to the MD & CEO.
- XI. On the basis of the findings, if it deems fit, the Whistleblower Committee can also recommend to initiate the process for corrective measures for preventing recurrence of such events in future.

12- Outcome of Investigations into Allegations under a Whistle Blower Policy

If an investigation leads the Designated Authority to conclude that an improper, unethical, fraudulent act or misconduct has been committed, the Designated Authority shall recommend to the management of the Bank to take such disciplinary or corrective action against the subjects as the disciplinary authority may deem fit.

13- Reporting to the Audit Committee of the Board (ACB)

A quarterly report on the findings under the Whistle Blower Policy will be submitted to the Audit Committee of the Board for information. The Compliance Department will be the convener of the Whistle Blower Committee meetings and will monitor and submit quarterly reports to the ACB.

14- Malicious Allegations

Motivated/vexatious complaints made under this policy may result in disciplinary action or such other actions as mentioned under Clause 7 above, against the Whistleblower himself.

15- Review and Oversight

This Policy would be reviewed annually or on account of any change in applicable regulatory guidelines from time to time. Such Policy review would be approved by the Audit Committee. The details of establishment of vigil mechanism / Whistle Blower Policy shall be disclosed by the Bank on its website and in the Board's Report to the stakeholders.

The Audit Committee shall oversee the vigil mechanism and if any of the members of the Audit Committee 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.