

Whistle Blower Policy on Protected Disclosures & Protection of Informer

PREAMBLE:

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 various legislative measures for safeguarding public interest. 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, Reserve Bank of India has formulated a scheme called "Protected Disclosures Scheme for Private Sector and Foreign Banks".

Whistle blower policy is fundamental to the Bank's professional integrity. It provides a method of properly addressing bona fide concerns that stakeholders might have, while also offering whistleblowers' protection from victimization, harassment or disciplinary proceedings.

The Bank is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Bank aims to encourage its directors and employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. This Policy aims to provide an avenue for Bank's stakeholders including individual employees and their representative bodies, to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports etc. without any fear of reprisal, retaliation, discrimination or harassment of any kind.

SHORT TITLE, EXTENT AND COMMENCEMENT:

1. This Policy may be called the “**Nainital Bank Whistleblower Policy**”
2. It extends to all existing employees [including employees who shall join hereafter], of the Nainital Bank Limited in all cadres, working in any of the office/ Branch office of the Nainital Bank Limited, present and future.
3. It shall come into force with immediate effect.

SCOPE:

The Policy shall cover malpractices and events which have taken place/ suspected to take place, involving the undernoted incidents:

- (a) Criminal offence (e.g. fraud, corruption or theft) committed/ likely to be committed
- (b) Code of Conduct /Ethics
- (c) Failure to comply with legal/ regulatory obligations
- (d) KYC/ AML related issues
- (e) Breach of client promise by the Bank
- (f) Miscarriage of justice occurred / likely to occur
- (g) Bank funds used in an unauthorized manner
- (h) Abuse of authority at any level
- (i) Sexual or physical abuse of a member of staff, service recipient or service provider
- (j) Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability
- (k) Deliberate concealment of information relating to any of the above
- (l) Any other form of improper action or conduct

INTERPRETATION:

In this Policy, unless there is anything repugnant in the subject or context, the definitions of some of the key terms used in this policy are given below:

- a. “**Bank**” - means “The Nainital Bank Limited”
- b. “**Audit Committee**” means the Audit Committee constituted by the Board of Directors.
- c. “**Employee**” means every Workman / Officer of the Bank
- d. “**Code**” means the Code of Conduct of the Bank.
- e. “**Ethics Counsellor**” means The Head of the Vigilance Department of the Bank

- f. “**Investigators**” means 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 Stakeholder of the Bank, defined under Eligibility criteria including an Employee making a Protected Disclosure under this Policy.

The use of any **Gender** in the policy or use of **singular** or **plural expression** shall be understood to mean the appropriate Gender or singular or plural expression, with reference to the context of text of any particular clause of the Policy.

It is further clarified that any term, though used in the Policy but not defined heretofore, shall have the meaning as assigned in applicable laws connected with subject of Policy.

SCOPE AND COVERAGE:

The complaints under the Policy 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.

Anonymous / pseudonymous complaints will not be covered under the Policy and such complaints will not be entertained.

Ethics Counsellor or the Audit Committee will be the Nodal Agency to receive complaints under the Policy. Ethics Counsellor or the Audit Committee 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 below-

The Bank can take action against complainants in cases where motivated / vexatious complaints are made under the Policy, after being advised by Ethics Counsellor or the Audit Committee. An opportunity of hearing will, however, be given by the Bank to the complainant before taking such action.

Final action taken by Ethics Counsellor or the Audit Committee on the complaint will be intimated to the complainant.

ELIGIBILITY:

Following stakeholders of the Bank shall be eligible to make a complaint under the Policy. These stakeholders may fall into any of the following broad categories:

- a) Directors of the Bank
- b) Employees of the Bank and their Associations
- c) Security holders of the Bank
- d) Employees of other agencies deployed for the Bank's activities, whether working from any of the Bank's offices or any other location
- e) Contractors, vendors, suppliers or service providers / agencies (or any of their employees) providing any material or service to the Bank
- f) Customers of the Bank
- g) Any other person having an association with the Bank.

This Policy is an extension of the Code of Conduct. The Whistle Blower's role is that of a reporting party with reliable information with supportive evidence. 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.

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.

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

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.

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.

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.

PROCEDURE FOR LODGING THE COMPLAINT UNDER THE POLICY:

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

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.

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.

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 or Hindi 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 was the person who made the complaint.
- ii. 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

The complaint should be sent in a closed / secured envelope. The envelope should be addressed to The Chairman Audit Committee of Board The Nainital Bank Limited Head office, Seven Oaks Mallital Nainital. The envelope should be super scribed "Complaint under Protected Disclosures Policy for Bank".

The complainant should give his 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 and place of posting etc. should be furnished.

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.

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.

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, which is as under:

whistleblower@nainitalbank.co.in

INVESTIGATION:

All protected Disclosures reported under this Policy will be thoroughly investigated by the Ethics Counsellor /Audit Committee of the Bank through Inspection Department 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.

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.

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

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.

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.

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.

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. 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.

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

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.

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.

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.

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.

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.

DECISION:

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.

REPORTING:

The Ethics Counsellor shall submit a report on a yearly basis to the Audit committee regarding total number of disclosures received in the year, nature of complaint, outcome of investigation, actions recommended by the Ethics Counsellor / Audit Committee and implementation of the same.

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 two years.

REVIEW:

The Policy is basically for a period of -12- months subject to review by the Board. 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, such amendment or modification will be notified to the Employees by means of Circulars/Letters.

MISCELLANEOUS:

The Award Staff of the Bank are governed by the Provisions of Bi-partite Settlement and Officers by Nainital Bank Officers Service Regulations and (Conduct and Discipline) Regulations.

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.

A copy of the Policy shall be displayed by all Branches / Offices of the Bank at a prominent place inside the Bank's premises, where customers / general public frequently visits
