

UJJIVAN SMALL FINANCE BANK LIMITED
CIRCULAR

Circular Number: HR 003-02-FY20-21
Effective Date: 01-May-2020

Whistle Blower Policy

Introduction

Ujjivan Small Finance Bank's (hereinafter referred to as 'the Bank') values (like integrity, best place to work, providing responsible finance, being respected in the community) are the foundation for all the decisions taken. The Bank believes in conducting all affairs of its constituents in a fair and transparent manner by adopting the highest standards of honesty, professionalism, integrity, and ethical behavior.

Sections 177 (9) and 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 4(2)(d)(iv) and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 require the Bank to establish a vigil mechanism by way of Whistle Blower Policy for all the employees and Directors to report instances of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate cases.

The Whistle Blower policy has been formulated as part of corporate governance norms and transparency where the employees, directors, customers, stakeholders or Non-Governmental Organizations (NGOs) are encouraged to refer any complaints which have not been resolved or satisfactorily resolved within the usual applicable protocols. The employees may refer any complaints covering areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, failure to comply with existing rules and regulations and acts resulting in financial loss/ operational risk, loss of reputation, etc. detrimental to depositors' interest/ public interest.

This policy shall provide a channel to the employees, directors and other stakeholders to report to the management about unethical behavior, actual or suspected fraud or violation of the Code of conduct or legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports and such other matters.

Objectives of the Policy

The following are the objectives of the Whistle Blower Policy:

- Promote a culture of integrity and compliance by encouraging stakeholders to speak up/ raise red flags on matters relating to breaches/ violations of the Bank's Code of Conduct or fraudulent transactions.
- Provide a platform and mechanism for the employees, directors and relevant stakeholders to voice genuine concerns of grievances about unprofessional conduct without the fear of reprisal to the employee raising the concern.
- Provide a non-threatening environment to employees, directors to discuss matters relating to the Code of Conduct.
- Adhere to the highest standards of ethical, moral and legal conduct of business operations.
- Promote clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption.
- Institutionalize a mechanism for protection of employees, directors from reprisals or victimization, for Whistle blowing in good faith as the Bank strictly follows No Retaliation Policy.
- Provide an assurance to external stakeholders that there is internal cordiality and transparency.
- Treat the violations/ breaches/ non-compliance at various levels of the Bank with vigor and due care and accordingly realign processes and take corrective actions as part of its corporate governance.
- The Policy shall help the Bank to create an environment where employees, directors and relevant stakeholders feel free and secure to raise the alarm where they see a problem. It shall also ensure that whistle blowers are protected from retribution, whether within or outside the Bank.

This Policy neither releases the employees (both permanent and contract) from their confidential obligations in their course of work nor serves as a route to raise allegations with malicious or baseless intentions.

Applicability

The Policy applies to all the Bank's employees working out of corporate office, regional offices and any branches in India. The policy shall also apply to any complaints made by directors, other stakeholders of the Bank such as customers, NGOs, the Group (if any), Joint Ventures (if any), Suppliers, Contractors, NGOs and members of public.

Scope

This Policy intends to cover serious complaints that could have grave impact on the operations and performance of the business of the Bank. It also intends to address the concerns of employees relating to any wrongdoing within the Bank, enabling them to report suspected occurrence(s) of illegal, unethical or inappropriate actions, behaviors or practices. Receipt of information about corruption, malpractice or misconduct on the part of employees, from whatever source, would be termed as a complaint.

Under the Policy, employees and relevant stakeholders of the Bank having sufficient grounds for a concern can lodge complaints.

The Policy intends to cover the following types of complaints:

1. Fraudulent activities or activities in which there is suspected fraud
2. Intentional or deliberate non-compliance with laws, regulations and policies
3. Questionable accounting practices including misappropriation of monies
4. Illegal activities
5. Corruption and deception
6. Misuse/ Abuse of authority
7. Violation of Bank rules, manipulations and negligence
8. Breach of contract
9. Pilferation of confidential/propriety information
10. Deliberate violation of law/regulation
11. Wastage/misappropriation of Bank's funds/assets
12. Malpractices/ events causing danger to public health and safety.
13. Violation of Code of Conduct for employees
14. Any fraud in preparation of financial statements of the Bank
15. Criminal offences committed or likely to be committed that may implicate the Bank or otherwise adversely affect its reputation
16. Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability.
17. Instances of leak of UPSI.
18. Cases of conflict of interest – e.g. sanction of loans, investment decisions, purchase of goods and hiring of services where an employee may have an interest
19. 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)

The following nature of complaints shall **not** be covered in the policy:

1. Complaints that are frivolous in nature.
2. Issues relating to personal grievance (increment, promotion, etc.)

3. Sexual harassment as it is covered by Policy on Prevention of Sexual Harassment. If the Internal Complaint Committee receives a sexual harassment complaint, it should be forwarded to Sexual Harassment Committee set up for this purpose on the basis of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

If such complaints are received, they shall be forwarded to respective stakeholders for action on the same.

The Policy should not be used for raising malicious or unfounded allegations against colleagues or superiors. The above should be supported by proper evidence and reliable information. Care should be taken not to indulge in baseless allegation and should not be used in place of the Company's grievance procedures.

If a complaint, after an investigation proves to be frivolous, malicious or made with an ulterior intent, the Bank will take appropriate action including disciplinary action against the concerned Whistle Blower.

Any Employee and/or Director, knowingly hiding information in any form regarding any unethical practice/activities/behaviour in one's work place will also constitute unethical practice on the Employee's part.

Role of Whistle Blower

A Whistle blower is a person who will merely report a misdemeanor.

- Following from the above, on detecting a wrong-doing or misdemeanor, the Whistle blower will not have the powers to determine corrective or remedial action that may be warranted, under the circumstances and are not required or expected to act as investigators or finders of facts.
- The Whistle blower should provide specific and verifiable details in the Protected Disclosure in an appropriate language that is not offensive.
- The Whistle blower can discuss all matters related to the Whistle blower Policy, including his role and the implications of submitting the Protected Disclosure with the Head of HR.
- The Whistle blower shall be expected to provide sufficient evidence to establish a prima facie case for investigation, when called for.

Protection of Complainant

The Bank, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will therefore be given to Whistle blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure.

A Whistle blower may report any violation of the above clause to the Appellate Committee, who shall investigate into the same and recommend suitable action to the Central Disciplinary Committee.

The identity of the Whistle blower (in case revealed) shall be kept confidential and shall not be revealed unless required in terms of an order of a court of law, or unless agreed to by the Whistle blower.

- Complete protection will be given to the Whistle blower against retaliation or retribution consequent upon his/her having reported a Protected Disclosure.
- A Whistle blower will not get protection under the Policy if he is himself found guilty of misconduct. In other words, while the Central Disciplinary Committee will take cognizance of the Protected Disclosure, the employee's misconduct will be dealt with separately.
- The Bank will take steps to minimize difficulties that a Whistle blower may face in the submission of a Protected Disclosure. For instance, he should be reimbursed expenses incurred in travel, boarding and lodging for tendering evidence, if warranted.
- Suitable disciplinary action (including termination of service) may be taken against the subject in case he is found guilty of misconduct against the Whistle blower, in retaliation to a complaint submitted.
- In case any action has been initiated against the Whistle blower (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.
- Any employee who assists in investigating a Protected Disclosure will also be protected to the same extent as the Whistle blower.
- In case the protection to the Whistle blower as well as employees assisting in the investigation (as outlined above) is violated in any manner, the same may be reported to the Appellate Committee or the Chairperson of the Audit Committee of the Board (ACB).

Governance Structure

The Bank shall devise an effective Whistle blower mechanism enabling stakeholders, employees, directors and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

a) Audit Committee

The Bank shall have an Audit Committee which reviews the effectiveness of the vigil mechanism and implementation of the Whistle blower Policy to provide adequate safeguards against victimization of employees, directors and relevant stakeholders. The details of establishment of Vigil mechanism shall be disclosed by the Bank on the website, if any, and in the Board's Report to the stakeholders.

In case of repeated frivolous complaints being filed by a director or an employee, the Audit Committee shall take suitable action against the concerned director or employee.

In case any member of the Audit Committee has a conflict of interest in a given case, then such member shall not form part of the members of the Audit Committee for the particular matter.

The Audit Committee shall ascertain and ensure that the Bank has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

b) Central Disciplinary Committee (CDC)

The Central Disciplinary Committee constitutes of the Head of Human Resources (Head of HR), Chief Vigilance Officer (CVO), Head of Operations, Head of Legal and Head of the Department of the Delinquent employee. The CDC will be headed by the Head of HR. The committee shall look into the complaints report prepared by the CVO. The decision on addressing the complaint raised by the Whistle blower shall be taken by the CDC.

The Committee shall institute investigation into complaints wherever required and shall review the investigation report as prepared by the Vigilance department/ Audit department before giving a final decision on the matter.

c) Head of HR

The Head of HR shall form part of the CDC and shall provide inputs with respect to any disciplinary action to be taken against any employees of the Bank based on the investigation reports prepared and submitted by the Vigilance/Audit departments to the CDC. The Head of HR shall assist employees who have witnessed offences and are in need of counseling about their roles and responsibilities in seeking a redressal of the wrongdoings. The Head of HR may delegate the responsibility of counseling the employees who have acted erroneously to a person nominated from the HR Department. The Head of HR shall also review the complaints relating to the non-adherence to Code of Conduct and may accordingly take decisions with respect to such complaints.

d) Chief Vigilance Officer (CVO)

The CVO of the Bank shall act as a Special Assistant/ Advisor to the Chief Executive Officer (CEO) and Managing Director (MD) of the Bank in the discharge of these functions. The CVO shall report to the Audit Committee/ Board on the Vigilance activities, disciplinary cases and related investigation reports as well as aspects relating to the implementation of the Whistle blower Policy.

The CVO shall also act as a liaison officer between the Bank and the Police/ Serious Fraud Investigation Office (SFIO)/ other law enforcement authorities. The CVO shall collect intelligence about the corrupt practices committed, or likely to be committed, by the employees of the Bank; investigate or cause an investigation to be made into verifiable allegations reported to him; process investigation reports for further consideration of the disciplinary authority concerned and report/ refer the matters to the MD & CEO of the Bank.

e) Regional Vigilance Manager

The Regional Vigilance Manager (RVM) shall assist the CVO in performing the above functions for his respective regions. The RVM shall investigate complaints of the following nature:

- Demanding and/or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official.
- Obtaining valuable thing, without consideration or with inadequate consideration from a person with whom he has or is likely to have official dealings or his subordinates have official dealings or where he can exert influence.
- Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as an employee.
- Possession of assets disproportionate to his known sources of income.
- Cases of misappropriation, forgery or cheating or other similar criminal offences.

In case of other irregularities like gross or willful negligence; recklessness in decision making; blatant violations of systems and procedures; exercise of discretion in excess, where no ostensible organizational interest is evident; failure to keep the controlling authority/ superiors informed in time, the Head of HR and CVO with the help of the RVM should carefully study the case and weigh the circumstances to arrive at a conclusion whether there is reasonable ground to doubt the integrity of the officer concerned.

Guiding Principles

To ensure that this Policy is adhered to, and to assure that the concerns raised under this Policy will be acted upon seriously, the Bank will:

- Ensure that the Whistle blower and/or the person processing the Protected Disclosure is not victimized
- Ensure complete confidentiality of the identity of the Whistle blower
- Not attempt to conceal evidence of the Protected Disclosure
- Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.
- Provide an opportunity of being heard to the subject and other persons involved.
- Provide protection to Whistle blower under this Policy provided that Protected Disclosure is made in good faith, the Whistle blower has reasonable information or documents in support thereof and not for personal gain or animosity against the subject.
- Ensure that the Whistle blowers, who make any Protected Disclosures, repeated frivolous complaints and those which have been subsequently found to be mala fide, or malicious be liable to Disciplinary Action.

- Take Disciplinary Action for event covered under this Policy or upon victimizing Whistle blower or any person processing the Protected Disclosure or if any one destroys or conceals evidence of the Protected Disclosure made/to be made.
- Ensure that any other Director/ Employee or other stake holders assisting in the said investigation or furnishing evidence, is protected to the same extent as the Whistle blower.

Methodology of receipt and disposal of Whistle blowing complaints

1) Lodging of Complaints

The Protected Disclosure shall be submitted in a closed and secured envelope and shall be super scribed as "Protected disclosure under the Whistle Blower policy". Alternatively, the same can also be sent through email or SMS or any other acceptable mode of communication with the subject "Protected disclosure under the Whistle Blower policy". If the complaint is not super scribed and closed as mentioned above, it will not be possible for the CDC to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. All Protected Disclosures shall be addressed to the Head of HR of the Bank or to the Chairperson of the Audit Committee or MD & CEO in exceptional cases.

The Bank shall entertain anonymous/ pseudonymous disclosures if such disclosures have adequate merit. The Protected Disclosure shall be forwarded under a covering letter signed by the complainant. The Head of HR or the Chairperson of the Audit Committee or MD & CEO as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

2) Receipt of Complaint

The disclosures should be addressed to the Head of HR of the Bank for all complaints against any employee of the Bank. The contact details of the Head of HR are as under:

Name and Address of Head of HR:

Mr. Sanjay Kao

Ujjivan Small Finance Bank Ltd.

Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka

Email- sanjay.kao@ujjivan.com

Protected Disclosure against the Head of HR should be addressed to the MD & CEO of the Bank and the Protected Disclosure against the MD & CEO of the Bank should be addressed to the Chairperson of the Audit Committee.

<p>Name and Address of MD & CEO: Mr. Nitin Chugh Ujjivan Small Finance Bank Ltd. Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore - 560095 Karnataka Email: nitin.chugh@ujjivan.com</p>	<p>Name and Address of Chairperson (Audit Committee): Mr. Mahadev Lakshminarayanan 26, 25th Main, Near LIC Apartments, J P Nagar 1st Phase, Bangalore South, Bengaluru- 560078, Karnataka Email: m.lakshminarayanan@ujjivan.com</p>
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The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

On receipt of the protected disclosure the Head of HR or the Chairperson of the Audit Committee or MD & CEO as the case may be, shall forward the Protected Disclosure to the CVO who shall maintain and preserve records of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. The record will include:

- Brief facts
- whether the same Protected Disclosure was raised previously on the same subject and if so, the outcome thereof
- Details of actions taken by CDC or MD & CEO for processing the complaint
- Findings of the CDC, the recommendations of the CVO/ other action(s).
- The CDC, if deems fit, may call for further information or particulars from the complainant.

3) Investigation Report & Appeal

All Protected Disclosures reported under this Policy will be thoroughly investigated by the CVO of the Bank who will investigate / oversee the investigations under the authorization of the CDC / Audit Committee. The Head of HR or MD & CEO or the Chairperson of the Audit Committee or CVO may at its discretion consider involving any investigators for the purpose of investigation.

The decision to conduct an investigation taken into a Protected Disclosure by itself is not an acceptance of the accusation by the Authority. It is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation; unless there are compelling reasons not to do so, subjects will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrong doing against a subject shall be considered as maintainable unless there is reasonable evidence in support of the allegation. The subject shall have right to access any document/ information for their legitimate need to clarify/ defend themselves in the investigation proceedings.

Based on a thorough examination of the findings, the CVO shall submit a report to the CDC or MD & CEO or the Chairperson of the Audit Committee on a regular basis as the case may be, about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any. To conclude that an improper or unethical act has been committed, the CVO or the MD & CEO or the Chairperson of the Audit Committee shall recommend to the CDC of the Bank to take such disciplinary or corrective action as he may deem fit. 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 personnel or staff conduct and disciplinary procedures.

A complainant, who makes malicious allegations of unethical & improper practices or about alleged wrongful conduct of the subject, shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Bank.

4) Implementation of the Decision

The CDC of the Bank on receipt of the final report and recommendations of the CVO or the CEO&MD or the Chairperson of the Audit Committee as applicable shall take action based on the recommendations. The Head of HR shall ensure that the disciplinary action taken is in consonance with the Bank's Code of Conduct.

Mandatory Display of the Policy

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 frequent as well as the Bank's website.

Record Keeping

All documentation pertaining to the complaint including the investigation report, corrective action taken and evidence will be maintained for a period of 8 years or such other period as specified by any other law in force, whichever is more.

Administration of the Policy and reporting requirements

The following are the reporting requirements –

- The details of establishment of Vigil mechanism shall be disclosed by the Bank in the website, if any, and in the Board's Report.
- Whistle blower policy, and affirmation that no personnel has been denied access to the Central Disciplinary Committee.

The CVO shall report the following to the Board:

- Areas in the Bank that is most prone to corruption where officers of proven integrity only are posted
- Furnish a report of vigilance activities in the Bank on a periodic basis

- Identify sensitive positions and frame specific Board approved internal policy on staff matters such as rotation of staff in general and in respect of sensitive desks in particular
- The details of establishment of Vigil mechanism shall be disclosed by the Bank in the website, if any, and in the Board's Report.

The CVO shall submit a report to the Audit Committee, every quarter, containing the summary of all complaints/Protected Disclosures received from Whistle blowers, complaints/ reports that have been taken up for investigation, corrective actions recommended, status of implementation of corrective action and reason for delay, if any.

Policy Review and Updates

The Board approved policy shall be reviewed as and when required or at least annually for incorporating regulatory updates and changes, if any.

Regulatory References

1. Schedule IV [See section 149(8)] Code for Independent Directors III.
2. Duties and section 177 of the Companies Act, 2013.
3. Point 7 of the Companies (Meetings of Board and its Powers) Rules 2014.
4. Chapter 2 point 22, Chapter 3 point 46, part C point 18, Schedule 5 (C)(10)(c) and 46(2e) of the Securities and Exchange Board of India (SEBI) Notification Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. Introduction paragraph of Introduction of 'Protected Disclosures Scheme for Private Sector and Foreign banks' dated April 18, 2007.
6. Para 1, 2, 3, 4, 5, 6, 7, 8 Internal Vigilance in Private Sector/ Foreign Banks dated May 26, 2011.

Approved By



Nitin Chugh
Managing Director & Chief Executive Officer



Sanjay Kao
Head – Human Resources



N. Mahadevan
Chief Vigilance Officer

Annexures

Annexure 1 - Key Definitions

Audit Committee is a committee constituted by the Board of Directors of the Bank in accordance with Companies Act, 2013 and related rules.

Protected Disclosure: a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity, illegal, inappropriate and harmful activities to the Bank. Protected Disclosures should be factual and be capable of being substantiated with evidence and not speculative in nature and be specific to enable proper assessment and redressal.

Subject: a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

Whistle Blower/Complainant: an Employee making a Protected Disclosure under this Policy. An employee making a disclosure under this process is commonly referred to as a complainant. The complainant is not expected to prove the truth of an allegation, the complainant needs to demonstrate that there are sufficient grounds for concern and expected to provide the complete details/evidences in his possession.

CVO: an officer of the Bank nominated by Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from Whistle blowers, maintain record thereof, placing the same before the CDC or the Audit Committee for its disposal and informing the Whistle blower the results thereof.