

UNITY SMALL FINANCE BANK LIMITED**WHISTLE BLOWER POLICY/ VIGIL MECHANISM
POLICY****Private & Confidential**

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1. PREFACE & PURPOSE

This Policy seeks to define and establish the mechanism for the Employees, Directors, customers, and other stakeholders to instances of unethical/ improper conduct and actioning suitable steps to investigate and correct the same.

Section 177 read with Rule 7 of The Companies (Meetings of Board and its Powers), 2014, inter-alia, requires the Bank to establish a mechanism called “Vigil Mechanism (Whistle Blower Policy) for directors and employees to report genuine concerns or grievances, providing adequate safeguards against victimization of those who avail of such vigil mechanism and overseeing of such vigil mechanism by the Audit Committee.

This policy provides a channel to the Employees, Directors, customers, and other stakeholders (including Non-Governmental Organizations) to report to the management, concerns about misuse or abuse of authority, fraud or suspected fraud, violation of the Bank’s rules or policies or codes, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Bank is affected. The mechanism provides for adequate safeguards against victimization of employees and other stakeholders as specified above to avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee in exceptional cases.

This neither releases employees and the stakeholders from their duty of confidentiality, to the extent applicable, in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

The purpose of the Whistle Blower Policy is as follows:

- To encourage the employees and other parties to report unethical behaviors, malpractices, wrongful conduct, fraud, violation of the Bank’s policies & values, violation of law by any employee of the Bank without any fear of retaliation.
- To build and strengthen a culture of transparency and trust within the organization.

2. DEFINITIONS

2.1 “Alleged wrongful conduct” shall mean violation of law, infringement of the Bank’s rules or policies or codes, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

2.2. “Audit Committee” means a Committee constituted by the Board of Directors of the Bank.

2.3. “Bank” means the Unity Small Finance Bank Limited and all its branches /offices.

2.4. “Board” means the Board of Directors of the Bank.

2.5. “Employee” means all the present employees (whether contractual or permanent) and Executive/Whole Time Directors of the Bank.

2.6. “Chief Vigilance Officer (CVO)” is the Nodal officer of the Bank nominated by the Board of Directors of the Bank to receive Protected Disclosures from Whistle Blowers, maintaining records thereof, placing the same before the Audit Committee and informing the Whistle Blower the result thereof.

2.7. “Protected Disclosure” means a concern raised by an employee or group of employees or stakeholder(s) of the Bank, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity that has taken place or suspected to have taken place. However, the Protected Disclosures should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

2.8 “Subject” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

2.9 “Whistle Blower” is an employee or group of employees who make a Protected Disclosure under this Policy.

2.10 “Designated Director” means any person nominated by the Board of Directors of the Bank to address the complaints/ grievances against the Chief Vigilance Officer.

3. APPLICABILITY

The Policy applies to all the Bank’s employees working out of corporate office, operating centres and branches in India. The policy shall also apply to any Protected Disclosure made by various stakeholders of the Bank. These stakeholders may fall into any of the following broad categories:

- (I) Employees of the Bank.
- (II) Employees of other agencies deployed for the Bank’s activities, whether working from any of the Bank’s offices or any other location.
- (III) Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Bank.
- (IV) Customers of the Bank.
- (V) Shareholders of the Bank.
- (VI) Directors of the Bank.
- (VII) Any other person having an association with the Bank

A person belonging to any of the abovementioned categories can avail of the channel provided by this Policy for raising an issue covered under this 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.

4. DISCIPLINARY COMMITTEE

Chairman	Independent Director-Female
Members	The Disciplinary Committee shall be formed by minimum 3 members including 1 Executive and 1 Non-Executive Director
Invitees	Chief Risk Officer Chief Vigilance Officer
Frequency	The Committee shall meet at least twice a year (not with a gap of more than six months) and additional meetings may be held if the Committee considers them to be necessary and desirable
Quorum	2 members present with at least 1 non-executive director and executive director
Responsibilities	<ul style="list-style-type: none"> • Review whistle blower policy. • Review Code of Conduct. • Review and approve material to create awareness of rights of women employees. • Review the Report on the sexual harassment cases received for the period and action taken for the same. • Advice on any open complaint received. • Review the disclosures to be included in the annual report. • Any other matters related to the reputation risk of the organisation.
Process Owner	Chief Vigilance Officer

5. ROLE OF A WHISTLE BLOWER / COMPLAINANT

The Whistle Blower's role is that of reporting party with reliable information. They are not required to act as investigators nor would determine the appropriate or remedial action. They should also not act nor participate in any investigation activities unless warranted otherwise. Details of Whistle Blower will not be disclosed and will remain confidential at all times to the extent possible and permitted under law.

6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES

- a) For the purpose of implementation of the Policy, the Group General Counsel/ Head- Governance shall act as the Chief Vigilance Officer (CVO).
- b) Protected Disclosures should be reported in writing/email immediately to the CVO—at Centrum House, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai-400098 or at email id: vigilance@centrum.co.in

- c) The Protected Disclosure should be submitted in a closed and secured envelope, duly signed by the Whistle Blower and should be super scribed as “Protected Disclosure under the Whistle Blower Policy”. If sent through email the same should be the subject line.
- d) Anonymous / Pseudonymous disclosure shall not be entertained by the Chief Vigilance Officer and will be dealt with as deemed fit.
- e) Protected Disclosure against the CVO should be addressed to the Designated Director - at Level 9, Centrum House, Vidyanagari Marg, CST Road, Kalina, Santacruz (East), Mumbai- 400098. For the purpose of this Policy, Executive Chairman/ CEO of Centrum Capital Limited shall act as Designated Director.
- f) The Protected Disclosure against the Designated Director should be addressed to the Chairperson of the Audit Committee at:

To,
 The Chairperson of the Audit Committee
 Unity Small Finance Bank Limited
 Centrum House,
 Vidyanagari Marg, C.S.T Road,
 Kalina, Santacruz (East), Mumbai- 400098

- g) In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, he/she can make a direct appeal to the Chairperson of the Audit Committee by way of a letter addressed to the Chairperson of the Audit Committee.
- h) On receipt of the Protected Disclosure, the CVO / Designated Director / Chairperson of the Audit Committee (as the case may be) shall make a record of the Protected Disclosure and also ascertain from the Whistle Blower whether he/ she was the person who made the Protected Disclosure or not before referring the matter to the Audit Committee for further appropriate investigation and needful action. The record will include:
 - Brief facts;
 - Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - Whether the same Protected Disclosure was raised previously on the same subject;
 - Details of actions taken by Chief Vigilance Officer/ Designated Director/ Chairperson of the Audit Committee for processing the complaint.
 - Findings of the Audit Committee;
 - The recommendations of the Audit Committee / other action(s).
- i) The following nature of Protected Disclosures shall not be covered in the policy:
 - Protected Disclosures those are frivolous in nature.
 - Issues relating to personal grievance (increment, promotion, etc.)
 - Sexual harassment as it shall be covered by Policy on Prevention of Sexual Harassment.
- j) The Audit Committee if deems fit may call for further information or particulars from the Whistle Blower.

7. INVESTIGATION

- a) All Protected Disclosures under this Policy will be recorded and thoroughly investigated in a reasonable time frame. The CVO/ Designated Director/ Chairperson of the Audit Committee (AC) may investigate and may at its discretion consider involving any other officials/ agencies.
- b) The decision to conduct an investigation by itself is not an accusation and is to be treated as a neutral fact-finding process.
- c) Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation, based on additional information sought by the investigator.
- d) Subject(s) shall have a duty to co-operate with the Chief Vigilance Officer/ Designated Director/ Chairperson of the Audit Committee or any of the Officers appointed by it in this regard to the extent that such cooperation will not compromise self-incrimination protections available under the applicable laws.
- e) Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).
- f) Subject(s) have a right to be informed of the outcome of the investigations and the disciplinary measures may include the following:
 - Oral or written censure
 - Suspension from duty with pay, reduced pay, without pay ☐ Restrictions on access
 - Removal of privileges or benefits
 - Reassignment
 - Assignment to lower position
 - Reduction in future pay
 - Ineligibility for promotion for a period
 - Termination of appointment
 - Legal action
- g) The investigation shall be completed normally within 90 days of the receipt of the Protected Disclosure and is extendable by such period as the Audit Committee deems fit and as applicable.
- h) The investigating team has the right to access personnel information, other records and documents, and may consult with persons who are believed to have knowledge or information that may assist in the resolution of issues and questions raised. Any staff member known to have knowledge and approached by the investigator has a duty to cooperate, unless the staff member has shown sufficient reason to justify failure to cooperate. Failure or refusal to cooperate unless for an acceptable reason may subject the staff member to proceedings.
- i) CVO/Director may place the Subject and any other staff member who is approached by the investigator, on administrative leave. The Subject will be informed in writing of the decision, duration and reason for the decision.

8. REPORTING

A quarterly report with number and nature of complaints received under the Policy and their outcome shall be placed before the Audit Committee.

9. DISQUALIFICATION

A Whistle Blower who makes false allegations of unethical & improper practices or about wrongful conduct of the subject to the Chief Vigilance Officer or the Designated Director or to the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Bank.

10. SECRECY / CONFIDENTIALITY

The Whistle Blower, Chief Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

- Maintain confidentiality of all matters under this Policy
- Discuss only to the extent or with those persons as required under this Policy for completing the process of investigations.
- Not keep the papers unattended anywhere at any time.
- ☐ Keep the electronic mails / files under strict confidence.

11. CONFLICT OF INTEREST

- a) Where there is a possibility of conflict of interest of the Vigilance Officer in the course for investigation, the Vigilance Officer shall hand over the details of the case to the Chairman of the Audit Committee who shall direct the investigations;
- b) Where any investigating official or a member of the Audit Committee has a conflict of interest in the matter, he/she shall recuse themselves and the remaining members may proceed to deal with the matter.

12. PROTECTION

- a) 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 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/her duties/ functions including making further Protected Disclosure.
- b) 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.
- c) A Whistle Blower may report any violation of the above clause to the Chairperson of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.

- d) The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the Whistle Blower shall not be disclosed unless:
- the employee consents to disclosure;
 - it is determined that the employee made allegations that were knowingly false / The employee reasonably believes that the information and any allegations contained therein, are substantially true and;
 - there appears to be a risk or imminent danger to employees of the Bank;
 - the disclosure is necessary to a competent judicial authority or law enforcement authority
- e) Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

13. COMMUNICATION

A Whistle Blower Policy cannot be effective unless it is properly communicated to employees. Employees shall be informed through by publishing in notice board and the website of the Bank.

14. RETENTION OF DOCUMENTS

All Protected Disclosures documented along with the results of investigation relating thereto, shall be retained by the Chief Vigilance Officer for a period of 5 (five) years or such other period as specified by any other law in force, whichever is more.

15. ADMINISTRATION AND REVIEW OF THE POLICY

The Chief Vigilance Officer and Human Resources Department shall be responsible for the administration, interpretation, application and review of this Policy.

The Chief Vigilance Officer also shall be empowered to bring about necessary changes to this Policy, if required at any stage to bring the same in line with statutory provisions and to adopt best practices of the industry.

The Policy shall be reviewed by the Audit Committee/ Board of Directors of the Bank on a periodical basis.