

## Whistle Blower Policy

**Sub: Operating Guidelines of the Whistle Blower Policy, formulated under the “Protected Disclosures Scheme for Private Sector and Foreign Banks” by Reserve Bank of India, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) and the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015, as amended (“Insider Trading Regulations”)**

### **1. INTRODUCTION:**

Disclosure of information in the public interest by the employees of an organization 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, internationally various legislative measures for safe guarding public interest through enactments.

As a proactive measure for strengthening financial stability and with a view to enhancing public confidence in the robustness of the financial sector, RBI has formulated a scheme called “Protected disclosures scheme for Private Sector and Foreign Banks”.

Further, the Listing Regulations mandates every listed company to devise an effective whistle blower mechanism, enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. The Insider Trading Regulations mandate every listed company to formulate a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

In the above perspective, our Board of directors have permitted the administration to implement the “Whistle Blower Policy” in our Bank.

### **1. The Objectives of the “Whistle Blower Policy” (WBP):**

Any employee either on permanent roles of the Bank or contractual association with the Bank, and Directors of the Bank who has reason to believe that he/she become aware of any breach of law/Regulatory Directions or Guidelines or the Bank policies or procedures, Regulations, Codes, Guidelines, Circulars, or the Manual instructions or any questionable business practices, illegal or unethical practices or any grave misconduct or becomes aware instances of leak of unpublished price sensitive information, must immediately report, without any loss of time, those facts to the Reporting Official (as defined below) of the Bank.

### **2. EFFECTIVE DATE:**

Though some of the points conveyed in the guidelines have been in existence in the Manual of Instructions and various circulars issued from time to time, these guidelines are intended to provide a focused reference for all the employees of the Bank. Hence these guidelines come into effect immediately.

### **3. SCOPE:**

In addition to the points covered under (1) above, the complaints/disclosures under the scheme would also 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, the Insider Trading Regulations, etc. and acts resulting in financial loss/operational risk, loss of reputation, etc. detrimental to the interest of the Bank, the depositors and the public.

### **4. COVERAGE:**

- a) The guidelines are applicable to all the employees covering all the cadres such as Executives, Officers, Clerks/tellers, Sub-staff etc., including the persons employed by or associated with the Bank on contractual or temporary basis.
- b) Any person-such as advocate, valuer on Bank' panel other professionals such as Chartered Accountant, Concurrent auditors, any service provider seizure agent, recovery/collection agent/AMC provider or any vendor or customer having account with the Bank, who is contractually associated with the Bank.
- c) Any other person associated, with the Bank in any capacity like customers, shareholders, NGOs and members of public or otherwise.
- d) The Directors of the Bank

### **5. OBJECTIVES OF THE GUIDELINES:**

- a) To provide an avenue for the employee, Directors of the Bank and others to raise concerns about violation of systems and procedures of our Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation risk to the Bank.
- b) To provide reassurance of protection to the whistle blower from victimization, discrimination or reprisals for having blown the whistle in the interest of the Bank with good faith.
- c) To provide details of reporting, investigating and settlement of the incident.
- d) To provide direct access to the Chairman of the Audit Committee Board, where the Reporting Official (as defined below) is involved.

### **6. OBLIGATION OF THE EMPLOYEES TO BLOW THE WHISTLE:**

- a) It is obligatory on the part of every employee to blow the whistle to Reporting Officials (as defined below) nominated for the purpose.
- b) Deliberate inaction to blow the whistle by any employee may leave scope for being construed as passive complicity, which may render him or her liable for appropriate action by the Bank. Every employee is required to report any incident first to Bank, before reporting to external agencies such as

Regulator/police etc., since the Bank has to check the veracity, correctness, authenticity of such complaints.

However, this does not restrict the obligation of the Inspecting and Auditing officials from reporting incidents/transactions that are fraudulent or vulnerable to be fraudulent or use of excess power or smell any foul, directly to the regulator as per the recommendations of the Mitra Committee on legal aspects of fraud.

## **7. OBLIGATIONS FOR OTHERS TO BLOW THE WHISTLE:**

While every employee is obliged to blow the whistle, such obligation is not cast upon others, contractually associated with the Bank. However, they are encouraged as a matter of policy to blow the whistle, if situation so warrants. A notice (attached annexure to this circular) to be displayed in the notice board of every branch/office.

## **8. INCIDENTS WARRANTING REPORT:**

Any incident that may lead to financial loss or reputational risk to the Bank are required to be reported by all the persons mentioned in the Para 4 -"Coverage", above.

Few of the incidents are narrated below, by way of examples:

- 1) Misappropriation
- 2) Criminal breach of trust
- 3) Fraudulent encashments through forged instruments
- 4) Manipulation of the books of accounts / records of the Bank.
- 5) Opening of fictitious accounts
- 6) Conversion of property
- 7) Unauthorized sanction of credit facilities including adhoc facilities/temporary overdrafts/ cheques or bills purchases
- 8) Cash shortage
- 9) Negligence
- 10) Cheating
- 11) Leak of unpublished price sensitive information
- 12) Forgery
- 13) Engaging in any trade or business outside the scope of the employment without the consent of the appropriate authority.
- 14) Unauthorized disclosure of information regarding the affairs of the Bank or any of its customers or any other person connected with the business of the Bank which is confidential or the disclosure of which would be prejudicial to the interest of the Bank.
- 15) Drunkenness or riotous or disorderly behavior or indulgence in beating or gambling or speculation that would affect the image of the Bank.
- 16) Wilful damage or attempt to cause damage to the property of the Bank or any of its customers
- 17) Abetment or instigation of any act that would prejudicially affect the interest of the Bank.
- 18) Excessive indebtedness

- 19) Misuse of power/abuse of authority
- 20) Fraud of any nature
- 21) Unethical professional conduct
- 22) Carelessness/ negligence
- 23) Corruption/bribery
- 24) Engaging in any antinational activities.
- 25) Money laundering
- 26) Misconduct amounting to moral turpitude.
- 27) Any other malpractices.

#### **9. PROCEDURE FOR BLOWING THE WHISTLE:**

- a) Any employee, or a Director, who has reason to believe that he/she has become aware of any breach of law/regulatory directives or guidelines or the Bank's policies, procedures, regulations, codes, guidelines, circulars or the manual instructions or any questionable business practice or any grave misconduct must immediately report those facts in a secured envelope to the following designated authorities of the Bank ("**Reporting Official**").
  - (i) Managing Director of the Bank; or
  - (ii) any other authority designated by him, except the Chairman of the Audit Committee of the Board.
- b) It is hereby clarified that if the Reporting Official deems fit, in order to maintain confidentiality of the identity of the complainant, no acknowledgment shall be issued to the complainant, upon receipt of the complaint.
- c) Where employee has reason to believe or suspect or perceive involvement or linkage of the Reporting Official in any of the incidents warranting report to the Reporting Official, including but not limited to the incidents enumerated in Clause 8 above, he can report such incidents to the Chairman of the Audit Committee of the Board.
- d) Whistle Blowing could be in writing or verbal form, it is preferable to report in writing revealing the identity. However, revealing the identity is not a pre-condition.
- e) The report sent should not be frivolous or malicious.
- f) **The whistle Blowers can contact/report to the designated authority to the following address:**

**The Chief Vigilance Officer,  
Lakshmi Vilas Bank, Corporate Office,  
No. 4, Sardar Patel Road,  
Guindy, Chennai-600032.  
Phone No. 044.22205257**

- g) An exclusive email-id has been established for this purpose.-  
"secretalert@lvbank.in".

## **10. IMPLEMENTATION OF THE GUIDELINES:**

- 1) The implementation shall come under the purview of the Board.
- 2) The implementation progress thereof would be subject to a periodic mandatory review by the Audit committee.
- 3) The details of individual cases, findings of the investigation, the corresponding action would be put up to Audit committee periodically.

## **11. INVESTIGATION AND RETENTION OF RECORDS OF THE REPORTED INCIDENTS:**

- a) The Reporting Official will carry out preliminary screening and evaluation of the reports complaints received through "Whistle Blowers" based on the verifiable facts. If such preliminary evaluation reveals the complaints are frivolous, vexatious, the matter would be closed, and appropriate steps in accordance with applicable laws, shall be initiated against the vexatious complainant.
- b) However, upon investigation, if the Reporting Official is of the opinion that the allegations are substantiated, appropriate action in accordance with applicable laws shall be taken, including but not limited to (i) disciplinary action; (ii) appropriate administrative steps for recovery of the loss, if any, caused to the Bank including fixing of staff accountability.
- c) All information received shall remain confidential except as required and necessary to conduct investigation/or take remedial measures or action in accordance with applicable law.
- d) The Bank shall maintain a register of complaints received, noting the serial number of the complaint, along with the date of receipt of the relevant complaint.
- e) The investigations on such complaints should be completed within eight weeks from the date of receipt of the complaint by the Reporting Official and the results of such investigations, shall be put before the managing director/Audit Committee.
- f) All employees and Directors of the Bank are duty bound to reasonably cooperate with investigation officials.
- g) If any employee fails/refuses to cooperate or deliberately conceal any information/document or provides any false or misleading information during the investigation, he/she shall be subject to disciplinary action as may be deemed appropriate.
- h) All documents relating to the complaints/investigations etc. should be retained in accordance with the policy of the Bank.

## **12. PROTECTION TO WHISTLE BLOWERS:**

- a) The Bank, including the Reporting Official, is committed to maintain strict confidentiality regarding the identity of the whistle blower, before, during and after the investigation except where (i) the law mandates that it is absolutely essential for conducting investigations; or (ii) where the complainant has made the details of the complaint public.
- b) The Bank strictly prohibits any discrimination, retaliation or harassment against any persons who reports any incident or who participates in an investigation and will take necessary action against the perpetrators of such discrimination, retaliation or harassment in accordance with applicable laws.
- c) **Any employee who has blown the whistle feels or believes at a later date that he is being subjected to discrimination etc., must immediately report to the Reporting Officials or the Chairman of the Audit Committee of the Board. The whistle blower can contact the Chairman of the Audit committee on the following address in exceptional cases:**

**Chairman,  
Audit Committee of the Board,  
Lakshmi Vilas Bank,  
Corporate Office,  
No. 4, Sardar Patel Road,  
Guindy, Chennai-600032.  
Email ID: [chairman\\_ACB@lvbank.in](mailto:chairman_ACB@lvbank.in)**

- d) **The ACB is to review the functioning of Whistle Blower mechanism annually.**

## **13. INCENTIVES/REWARD TO THE WHISTLE BLOWER:**

To motivate the whistle Blower, we may announce a reasonable incentive/ reward to the whistle blower, subsequent to the conclusion of the investigation in each relevant case where the whistle has been blown. The quantum of the incentive/reward may be decided by the Audit Committee of the Board depending upon the gravity and significance of the information/complaint.

## **14. RETENTION OF RECORDS:**

All the documents relating to the complaint/reporting of the incident, investigation etc., shall be retained in accordance with the extant policy of the Bank in this regard.

---