



fincare
Small Finance Bank

Fincare Small Finance Bank

Vigil Mechanism Policy (Version 5)

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1. APPLICABILITY

- 1.1. SBUs: Rural Banking, Retail Banking, Branch Operations, Central Operations, Compliance Department
- 1.2. Product Lines: Rural Micro Loans, Loans Against Gold, Loans Against Property, Two-Wheeler Loans, Affordable Housing Loans, Staff loans, CASA, FD, Institutional Finance and Third-Party Products
- 1.3. Delivery Channel: All Delivery Channels
- 1.4. Staff: All
- 1.5. Geography: All States/UTs of Operation

2. CONTEXT

- 2.1. Compliance Context: This policy has been drafted on the basis of “Protected Disclosures Scheme for Private Sector and Foreign Banks” and Section 177 of the Companies Act, 2013.
- 2.2. Governance Context:
 - a. Board: Applicable
 - b. Sub Committee of Board: Audit Committee
 - c. Management Committee: Not Applicable
- 2.3. Best Practice Context: Not Applicable

3. POLICY CONTENT

3.1 PREAMBLE

- a. 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” and Section 177 of the Companies Act, 2013 requires establishing a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.
- b. The Bank has adopted a Code of Conduct for Directors and Employees which lays down the principles and standards that should govern their actions. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Bank and should be brought to the attention of the concerned.
- c. A vigil mechanism shall provide for adequate safeguards against victimization of persons who can also use such mechanism for reporting genuine concerns including above. It also makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

4. POLICY

- 4.1. In compliance of the above requirements, “Fincare SFB” has established a Vigil (Whistle Blower) Mechanism and formulated a Policy to provide a framework for responsible and secure whistle



blowing/vigil mechanism.

5. DEFINITIONS

- 5.1. "Alleged wrongful conduct" shall mean violation of law, infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.
- 5.2. "Audit Committee" means a Committee constituted by the Board of Directors of the Bank in accordance with guidelines of Companies Act, 2013.
- 5.3. "Board" means the Board of Directors of the Bank.
- 5.4. "Code" means Code of Conduct for Directors, Executives and employees adopted by "Fincare SFB".
- 5.5. "Employee" means all the present employees and whole time Directors of the Bank (Whether working in India or abroad).
- 5.6. "Protected Disclosure" means a concern raised by an employee or group of employees of the Bank, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title "Scope" with respect to the Bank. It should be factual and not speculative or 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.
- 5.7. "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.
- 5.8. The "Chief of Internal Vigilance (CIV)" means an officer appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Staff Accountability Committee for its disposal and informing the Whistle Blower the result thereof.
- 5.9. "Whistle Blower" is an employee or group of employees who make a Protected Disclosure under this Policy and referred in this policy as the complainant.

6. POLICY OBJECTIVES

- 6.1. The Bank is committed to develop a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
- 6.2. 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 encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the Employees and Directors to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy. The mechanism provides for adequate safeguards against victimization of Employees and Directors to avail of the mechanism and also provide for direct access



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to the Staff Accountability Committee /Managing Director/ Chairman of the Audit Committee in exceptional cases.

- 6.3. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

7. GUIDING PRINCIPLES

- 7.1. To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Bank will:
- a. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so
 - b. Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
 - c. Ensure complete confidentiality.
 - d. Not attempt to conceal evidence of the Protected Disclosure;
 - e. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
 - f. Provide an opportunity of being heard to the persons involved especially to the complainant;

8. SCOPE

- 8.1. The complaints under the Scheme 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. Under the Scheme, employees of the bank, customers, stake holders, NGOs and members of public can lodge complaints.
- 8.2. The Policy covers malpractices and events which have taken place/ suspected to take place involving:
- a. Abuse of authority
 - b. Breach of contract
 - c. Negligence causing substantial and specific danger to public health and safety
 - d. Manipulation of Bank data/records
 - e. Financial irregularities, including fraud, or suspected fraud
 - f. Criminal offence
 - g. Pilfering of confidential/propriety information
 - h. Deliberate violation of law/regulation
 - i. Wastage/misappropriation of Bank funds/assets



j. Breach of employee Code of Conduct or Rules

8.3. The Policy is a channel to reinforce a robust implementation of the Bank's Code.

8.4. Through this Policy, the Bank seeks to provide a procedure for all the employees of the Bank to disclose any unethical and improper practice taking place in the Bank for appropriate action and reporting.

9. WHISTLE BLOWER'S ROLE

9.1. The Whistle Blower's role is that of a reporting party with reliable information. 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.

9.2. 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 Designated Authority or the Audit Committee of the Board.

9.3. Disclosures made under this Policy will be appropriately dealt with by the Bank, and these will be reported to the Audit Committee of the Board that will be the monitoring and appellate authority for the purpose of this Policy.

9.4. If any of the members of the Audit Committee of the Board shall 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.

9.5. Whistle Blower employees reporting fraudulent activity in an account to give reasons in support of their views.

10. DISQUALIFICATIONS

10.1. 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.

10.2. 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 mala fide intention.

10.3. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted under Bank's Code of Conduct.

11. ELIGIBILITY

11.1. All Employees of the Bank including directors are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Bank.

12. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES

12.1. All Protected Disclosures should be reported in writing by the complainant as soon as possible after the



Whistle Blower becomes aware of the same to ensure a clear understanding of the issues raised and in case of a written complaint, it should either be typed or written in a legible handwriting in English or any Indian official language of choice of the complainant.

- 12.2. The Protected Disclosure made in writing should be submitted in a closed and secured envelope and should be super scribed as “Protected disclosure under the Whistle Blower policy”. Alternatively, the same can also be sent through email with the subject “Protected disclosure under the Whistle Blower policy”. In case of oral complaint, a follow-up written complaint must be submitted vide letter/e-mail.
- 12.3. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Staff Accountability Committee to protect the complainant and the protected disclosure will be dealt with as if it is a normal disclosure.
- 12.4. In order to protect identity of the complainant, the Chief of Internal Vigilance will not issue any acknowledgement to the complainants and they are advised neither to write their name / address on the envelope, nor to enter into any further correspondence with the Chief of Internal Vigilance.
- 12.5. The Chief of Internal Vigilance shall assure that in case any further clarification is required he will get in touch with the complainant.
- 12.6. Anonymous / Pseudonymous disclosure shall not be entertained by the Chief of Internal Vigilance.
- 12.7. The Protected Disclosure should be forwarded under a covering letter signed by the complainant.
- 12.8. The Chief of Internal Vigilance / Staff Accountability Committee / Managing Director / Chairman of the Audit Committee/ as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.
- 12.9. All Protected Disclosures should be addressed to the Chief of Internal Vigilance of the Bank or to Staff Accountability Committee or to the Managing Director or to the Chairman of the Audit Committee in exceptional cases.
- 12.10. The tenure of the Chief of Internal Vigilance shall be for 24 months, effective from the date of implementation of this policy. The tenure shall be reviewed after the completion of the above said period. The contact details of the Chief of Internal Vigilance are as under:

Subash V | Chief of Internal Vigilance

Fincare Small Finance Bank Limited

5th Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru 560035

Contact No: +91 9900102415 | Email: subash.vk@fincarebank.com

12.11. Role of Vigilance Function

- a. The Chief of Internal Vigilance (CIV) shall handle all vigilance matters concerning the organisation.
- b. Conduct regular and surprise inspection of the sensitive areas in the bank.



- c. Review and streamline procedures which appear to afford scope for corruption or misconduct and for initiating other measures for the prevention, detection and punishment of corruption and other malpractices, if any in the bank.
- d. Take action on complaints received from Public / staff members of the bank.
- e. Assist HR department of the bank in processing disciplinary and vigilance cases.
- f. Submission of various vigilance returns viz. monthly, quarterly and annually to the Board of Directors of the Bank.
- g. To spread greater awareness of dangers of corruption and its evil consequences across various categories of staff.

12.12. Protected Disclosure against the Chief of Internal Vigilance should be addressed to the Staff Accountability Committee or the Managing Director of the Bank and the Protected Disclosure against a member of the Staff Accountability Committee or the Managing Director of the Bank should be addressed to the Chairman of the Audit Committee.

12.13. On receipt of the protected disclosure the Chief of Internal Vigilance, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. He shall also carry out initial investigation either himself or by involving any other Officer of the Bank or an outside agency before referring the matter to the Staff Accountability Committee of the Bank for further appropriate investigation and needful action. The record will include:

- a. Brief facts
- b. Whether the same Protected Disclosure was raised previously on the same subject
- c. Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof
- d. Details of actions taken by Chief of Internal Vigilance for processing the complaint
- e. Findings of the Staff Accountability Committee
- f. The recommendations of the Staff Accountability Committee/ other action(s).
- g. The Staff Accountability Committee, if deems fit, may call for further information or particulars from the complainant.



13. INVESTIGATION

- 13.1. All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Staff Accountability Committee may investigate and may at its discretion consider involving any other Officer of the Bank and/ or an outside agency for the purpose of investigation.
- 13.2. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact-finding process.
- 13.3. 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.
- 13.4. Subject(s) shall have a duty to co-operate with the Staff Accountability Committee or any of the Officers appointed by it in this regard.
- 13.5. Subject(s) have a right to consult with a person or persons of their choice, other than the Chief of Internal Vigilance / Investigators and/or members of the Staff Accountability Committee and/or the Whistle Blower.
- 13.6. 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).
- 13.7. Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- 13.8. Subject(s) have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Bank.
- 13.9. The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Staff Accountability Committee deems fit.
- 13.10. Any member of the Staff Accountability Committee or other officer having any conflict of interest with the matter shall disclose his/her concern /interest forthwith and shall not deal with the matter.

14. DECISION AND REPORTING

- 14.1. If an investigation leads the Chief of Internal Vigilance / Staff Accountability Committee/ Managing Director / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Chief of Internal Vigilance / Staff Accountability Committee/ Managing Director / Chairman of the Audit Committee shall recommend to the Bank's Disciplinary Committee to take such disciplinary or corrective action as he may deem fit.
- 14.2. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the



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findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

- 14.3. The Chief of Internal Vigilance shall submit a report to the Chairman of the Audit Committee, through the Staff Accountability Committee, on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.
- 14.4. In case the Subject is the Managing Director of the Bank, the Chairman of the Audit Committee after examining the Protected Disclosure shall forward the protected disclosure to other members of the Audit Committee if deemed fit. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure.
- 14.5. If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.
- 14.6. A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Chief of Internal Vigilance or the Staff Accountability Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Bank.
- 14.7. A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board.

15. SECRECY / CONFIDENTIALITY

- 15.1. The complainant, Chief of Internal Vigilance, Members of Staff Accountability Committee, the Subject and everybody involved in the process shall:
 - a. Maintain confidentiality of all matters under this Policy
 - b. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
 - c. Not keep the papers unattended anywhere at any time
 - d. Keep the electronic mails / files under password.

16. CONFIDENTIALITY & PROTECTION

- 16.1. No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy.
- 16.2. The Bank, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers.
- 16.3. 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.

- 16.4. 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.
- 16.5. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- 16.6. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or authority.
- 16.7. In the event of the identity of the complainant being disclosed, the Staff Accountability Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure.
- 16.8. The identity of the Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.
- 16.9. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- 16.10. Provided however that the complainant before making a complaint has reasonable belief that an issue exists and he has acted in good faith. Any complaint not made in good faith as assessed as such by the Staff Accountability Committee shall be viewed seriously and the complainant shall be subject to disciplinary action as per the Rules / certified standing orders of the Bank.
- 16.11. This policy does not protect an employee from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.
- 16.12. Misuse of policy or Malicious complaints will be dealt with as a disciplinary matter under the scope of this policy as well as Misconduct and Discipline policy of "Fincare SFB".

17. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

- 17.1. 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.



18. COMMUNICATION

18.1. A whistle Blower policy cannot be effective unless it is properly communicated to employees. Employees shall be informed by publishing the policy through e-mail, display on Bank's notice board and the website of the Bank.

19. RETENTION OF DOCUMENTS

19.1. All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Bank for a period of 7 (seven) years or such other period as specified by any other law in force, whichever is more.

20. ADMINISTRATION AND REVIEW OF THE POLICY

20.1. The Board of Directors shall be responsible for the administration, interpretation, application and review of this policy. The Board also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

21. AMENDMENT

21.1. 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, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

22. DOCUMENT REVIEW AND APPROVAL

Policy Owner: Human Resources Department

SME: Pankaj Gulati, CPO

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Revision history:

Sl. No.	Author	Date	Revision
1.	Tabassum Jahan, DGM - HR	26-12-2017	Version 3
2.	Shishir Poonacha S, DGM - Corporate HR	11-01-2019	Version 4

This document has been reviewed by

Version	Reviewer	Date reviewed
3.	Pankaj Gulati, CPO	
4.	Pankaj Gulati, CPO	17-01-2019

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Version	Name	Signature	Date reviewed
1.	Board of Directors		24-06-2017
2.	Board of Directors		05-09-2017
3.	Board of Directors		23-01-2018
4.	Board of Directors		

