

CAPITAL SMALL FINANCE BANK LIMITED

Whistleblower Policy [Updated upto September 23, 2021]

CAPITAL SMALL FINANCE BANK LIMITED
Head Office: MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar
CIN: U65110PB1999PLC022634 Phone: 0181-5051111, 5052222, Fax: 0181-5053333
E-mail: compliance@capitalbank.co.in www.capitalbank.co.in

INDEX

Sr. No.	Particular	Page No.
1.	Preface	3
2.	Policy	3
3.	Definitions	3
4.	The Guiding Principles	5
5.	Coverage of Policy	5
6.	Disqualifications	6
7.	Manner in which concern can be raised	6
8.	Protection to Whistleblower	7
9.	Secrecy/Confidentiality	8
10.	Reporting	8
11.	Sensitization of the Policy	8
12.	Retention of documents	8
13.	Modification	9

1. Preface

- 1.1. Capital Small Finance Bank Limited (hereinafter referred to as “Bank” or “the Bank”) believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.
- 1.2. The Bank is committed to developing a culture where it is safe for all Stakeholders including Employees and Directors to raise concerns about any violation of legal and regulatory requirement, incorrect or misrepresentation of any facts, instances of leakage of Unpublished Price Sensitive Information, unacceptable practice, serious irregularities or illegal or unethical or any event of misconduct within the Bank.
- 1.3. Section 177 of the Companies Act, 2013 (as amended) read with Rule 7 of The Companies (Meetings of Board and its Powers), 2014 (as amended), mandates all listed companies and certain other specified class of companies to establish a mechanism called “Vigil Mechanism” for directors and employees to report genuine concerns, and to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for early resolution and direct access to the chairperson of the Audit Committee in exceptional cases.
- 1.4. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended) also requires listed companies to devise an effective Whistleblower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.
- 1.5. SEBI (Prohibition of Insider Trading) Regulations, 2015, also mandates every listed company to have a Whistleblower Policy and make Employees aware of such policy to enable them to report instances of leak of Unpublished Price Sensitive Information.
- 1.6. 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 stakeholder including Directors and Employees who have concerns about known or suspected irregularities, illegal or unethical practices or other misconduct within the Bank and to come forward and express these concerns without fear of punishment or unfair treatment. The purpose of this Policy is to encourage stakeholders, and to provide a framework and avenue for stakeholders including Employees and Directors, responsibly and securely raise concerns in this regard and to protect such stakeholders in connection with Protected Disclosures made by them. The policy also governs the procedure of investigation of such allegations of suspected improper activities.
- 1.7. The Policy neither releases Directors and Employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

2. Policy

- 2.1. This Whistleblower’s Policy of the Bank (“Policy”) is for all the stakeholders including Directors and the Employees of the Bank as defined hereinafter.
- 2.2. The Policy has been drawn up so that stakeholders can be confident about raising a concern. The areas of concern covered by this Policy are summarized in paragraph 5.

3. Definitions

- 3.1. “Audit Committee” means the committee constituted by the Bank as per RBI guidelines, Companies Act, 2013 and SEBI (Listing Obligations and Disclosure requirements), 2015, as amended from time to time.

- 3.2. “Board” means the board of directors of the Banks, as constituted from time to time.
- 3.3. “Director” means a Director on the board of the Bank whether whole-time or otherwise.
- 3.4. “Disciplinary Action” means any action that can be taken on the completion of/ during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- 3.5. “Employee or Employees” means every employee who is on the payroll of the Bank.
- 3.6. “Key Risk Takers (RT)” means all the employee(s) whose decisions has significant impact and risk on the Bank’s working and have been declared to be Key Risk Takers under this policy and the same are as under:
- i. Key Managerial Personnel
 - ii. Chief Compliance Officer
 - iii. Chief Operating Officer
 - iv. Head of Department (Credit)
 - v. Head of Department (Retail Credit)
 - vi. Chief Treasury Officer
 - vii. Chief Risk Officer (CRO)
 - viii. Such other officer as may be prescribed by the Board or any Committee of the Board or Managing Director & Chief Executive Officer (MD & CEO) or Whole Time Director or Chief Operating Officer.
- 3.7. “Ombudsperson” will be the chairman of the Audit Committee of the Bank.
- 3.8. “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical, illegal or irregular activity or other misconduct within the Bank. Disclosures should be factual and not speculative in nature and should usually involve a risk to others and the person blowing the whistle may not be directly, personally affected by such activity.
- 3.9. “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 under this Policy.
- 3.10. “Unpublished Price Sensitive Information” means any information, relating to the Bank or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
- (i) Financial results;
 - (ii) Dividends;
 - (iii) Change in capital structure;
 - (iv) Mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
 - (v) Changes in key managerial personnel
- 3.11. “Whistleblower” is any person or an entity who makes a Protected Disclosure under this Policy. A Whistleblower will include Employees, Directors or any other stakeholder. The role of the Whistleblower is that of a reporting party.

- 3.12. “Whistleblower Committee” means a committee whose members will include the Whistleblower Officer and at least two senior employees of the Bank (not below the rank of the Subject), who will be responsible to assess independently the concerns raised by the Whistleblower.

However, if the Subject holds a position which is (i) defined as Key Risk Taker (“KRT”); or (ii) any Director of the Bank; or (iii) any employee above the rank of EVP of the Bank; or (iv) MD and CEO of the Bank, the members of the Whistleblower Committee will include the Whistleblower Officer and at least two independent directors of the Board.

- 3.13. “Whistleblower Officer” means an officer who is nominated/appointed to conduct detailed investigation. Currently, the Chief Operating Officer is nominated as the Whistleblower Officer.

However, if the Subject holds a position which is (i) defined as Key Risk Taker (“KRT”); or (ii) any Director of the Bank; or (iii) any employee above the rank of EVP of the Bank; or (iv) MD and CEO of the Bank, the Ombudsperson shall act as the Whistleblower Officer.

4. The Guiding Principles

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

- 4.1. Ensure that the Whistleblower and/or the person making the Protected Disclosure is not victimized for doing so.
- 4.2. Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
- 4.3. Ensure complete confidentiality.
- 4.4. Not attempt to conceal evidence of the Protected Disclosure;
- 4.5. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made; and;
- 4.6. Provide an opportunity of being heard to the persons involved especially to the Subject.

5. Coverage of Policy

- 5.1. All the stakeholders including Directors and Employees are covered under this Policy. The Policy covers malpractices, misconduct and illegal, unethical or irregular events/actions, which have taken place/suspected to take, place, including:
- Abuse of authority /misuse of official position
 - Breach of contract
 - Negligence causing substantial and specific danger to public health and safety
 - Manipulation of the Bank data/records
 - Financial irregularities, including fraud, or suspected fraud, deficiencies in internal control;
 - Criminal offence
 - Pilferation of confidential information
 - Deliberate violation of law/regulation
 - Wastage/misappropriation of the Bank’s funds/assets;
 - Breach of the Bank’s Employee Code of Conduct/Ethics Policy;
 - Instances of Leakage of Unpublished Price Sensitive Information
 - Unlawful gains arising out of usage of the Bank’s resources; or
 - Any other unethical, biased, favored, imprudent event which affect the interest of the Bank adversely and has the potential to cause financial or reputational loss.

5.2. Policy should not be used in place of the Bank's grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

6. Disqualifications

6.1. While it will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

6.2. Protection under this Policy would not mean protection from any disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a mala fide intention or complaints made to settle personal grievances.

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

6.4. Issues relating to personal grievance (increment, promotion, etc.).

6.5. Sexual harassment as it shall be covered under the policy on prevention of sexual harassment at workplace.

7. Manner in which concern can be raised

7.1. In case of any concern, a Whistleblower should make a Protected Disclosure to the Whistleblower Officer, as soon as possible. A Protected Disclosure should be made in writing, to the Whistleblower Officer, either by way of:

- Letter(s), handwritten in legible handwriting or typed, may be submitted by hand-delivery, courier or by post addressed to the Whistleblower Officer, in sealed envelope.
- Emails, may be sent to the email id of the Whistleblower Officer;
- As per the definition of Whistleblower, depending upon the type of Protective disclosure, the email may be sent to:
 - i. Chief Operating Officer as Whistleblower Officer- disclosure@capitalbank.co.in
 - ii. Ombudsperson as Whistleblower - chairman.acb@capitalbank.co.in

If the Whistleblower feels it necessary under any circumstances, he/she may send Protective Disclosure directly to the Ombudsperson.

7.2. Whistleblower must mention his/her name in the allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Protected Disclosures expressed anonymously WILL NOT BE investigated.

While there is no specific format for submitting a Protected Disclosure, the following details MUST be mentioned:

- a) Name, address and contact details of the Whistleblower;
 - b) Brief description of the malpractice, giving the names of those alleged to have committed or about to commit a Malpractice. Specific details such as date/time and place of occurrence are also important.
 - c) In case of letters, the disclosure should be sealed in an envelope marked "CONFIDENTIAL" and addressed to the appropriate Whistleblower Officer, depending on position of the person against whom disclosure is made.
- 7.3. In case initial enquiries by the Whistleblower Officer indicate that the concern has no basis, or it is not a matter to be pursued under this Policy, it may be dismissed at this stage and the decision should be documented.

7.4. Where initial enquiries indicate that further investigation is necessary, the investigation will be carried by the Whistleblower Officer. Investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.

Further, if Ombudsperson feels that the report as submitted to him under para 7.6 is not adequate or any such matter is involved which should be routed through the Committee, the Ombudsperson shall form the Whistleblower Committee for further Investigation.

7.5. In case of any conflict of interest (including any reporting relationship with the Subject) of any member of the Whistleblower Committee with respect to any Protected Disclosure, then such member will be replaced for the purpose of such investigation by another person.

7.6. The Whistleblower Officer/Whistleblower Committee shall:

- i) Make a detailed written record of the Protected Disclosure which will include the following details.
 - a. Facts of the matter;
 - b. Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - c. Whether any Protected Disclosure was raised previously against the same Subject;
 - d. The financial/ otherwise loss which has been incurred / would have been incurred by the Bank.
 - e. Findings of Whistleblower Officer/Whistleblower Committee;
 - f. The recommendations of the Whistleblower Officer/Whistleblower Committee on disciplinary/other action(s).
- ii) The Whistleblower Officer/Committee shall finalize and submit the report to the Ombudsperson within 30 days from the date of the complaint or such extended period as may be permitted by Ombudsperson, unless more time is required under exceptional circumstances.

7.7. On submission of report, the Whistleblower Officer / Whistleblower Committee shall discuss the matter with Ombudsperson who shall either:

- i. In case the Protected Disclosure is proved, accept the findings of the Whistleblower Officer /Whistleblower Committee and take such Disciplinary Action as s/he may think fit and take preventive measures to avoid re- occurrence of the matter;
- ii. In case the Protected Disclosure is not proved, extinguish the matter; or
- iii. Depending upon the seriousness of the matter, Ombudsperson may refer the matter to the Audit Committee for necessary action with his proposal or in case the offence constitutes a criminal offence, bring it to the notice of the Board and take appropriate actions including reporting the matter to the police.

7.8. The Ombudsperson can also place the matter before the Board with his/her recommendations. The Board may decide the matter as it deems fit.

7.9. In cases, where the Whistleblower is not satisfied with the outcome of the investigation and the decision of Whistleblower Officer or Whistleblower Committee, s/he can make a direct appeal to the Chairman of the Audit Committee

8. Protection to Whistleblower

8.1. No unfair treatment will be meted out to a Whistleblower 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 Whistleblower.

8.2. Complete protection will, therefore, be given to Whistleblower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his duties/functions including making further Protected Disclosure. The Bank will take steps to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Bank will arrange for the Whistleblower to receive appropriate advice about the procedure, etc. In case of victimization in such cases, serious view will be taken including departmental action on such persons victimizing the Whistleblower.

8.3. The identity of the Whistleblower will not be disclosed except to the Whistleblower Officer or Whistleblower Committee.

8.4. Any other Employee/Director assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

9. Secrecy/Confidentiality

9.1. The Whistleblower, the Subject, the Whistleblower Officer and everyone involved in the process shall:

- maintain complete confidentiality/ secrecy of the matter.
- discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- not discuss the matter in any informal/social gatherings/meetings.
- not keep the papers unattended anywhere at any time.
- keep the electronic mails/files under password,

9.2. If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

9.3. All reports and records associated with the Protected Disclosures shall also be considered confidential information and access will be restricted to Whistleblower Officer/ Whistleblower Committee/ Ombudsperson to the extent necessary.

10. Reporting

10.1. A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee. In case the Whistleblower Officer thinks that the matter is serious, he/she will bring the same to the light of the Audit Committee out of turn.

10.2. In case any findings of the Whistleblower Committee impact the internal controls of the Bank, the decision taken by the Whistleblower Committee and the steps taken by the Bank to prevent such occurrence will be reported to the Audit Committee and the Board.

10.3. Further, the Audit Committee will review the functioning of the Whistleblower mechanism.

11. Sensitization of the Policy

Employees will be sensitized on an annual basis so that they are aware of this Policy and their obligations under the Policy.

12. Retention of documents

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 8 years.

13. Modification

The Board reserves the 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 stakeholders unless the same is notified to all in writing or placed on the Bank's website. The Bank may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.