



POLICY FOR WHISTLEBLOWER CUM PROTECTED DISCLOSURE SCHEME

Version 3.0

**TAMILNAD MERCANTILE BANK LTD
SECRETARIAL SECTION**

POLICY FOR WHISTLEBLOWER CUM PROTECTED DISCLOSURE SCHEME

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TAMILNAD MERCANTILE BANK LTD., SECRETARIAL SECTION

Policy on related party transactions

SI No.	Subject	Page No.
1	Preamble	1
2	Objective	1
3	Whistle blower	2
4	Coverage and scope	2
5	Whistle blower's role & rights	3
6	Procedure for reporting	4
7	Process of handling reports	5
8	Protection available to the whistle blower	5
9	Recognition	6
10	Punishment	6
11	Dissemination	6
12	Review of policy	7

POLICY FOR WHISTLE BLOWER CUM PROTECTED DISCLOSURE SCHEME

1. PREAMBLE

Tamilnad Mercantile Bank Limited (Hereinafter referred to as “**Bank**”) is committed to the highest standards of ethics and integrity. The Bank encourages an open culture in all its dealings between staff, managers, customers and all the people with whom it comes into contact. The Board of Directors (“**Board**”) and the Management of the Bank are committed to maintain higher standards of honesty and integrity and to promote and maintain a corporate culture that adheres to these values. In pursuance of this philosophy, the Bank had put in place a “**Policy for Whistleblower/ Protected Disclosure Scheme**” which the Bank adopted in pursuance of the guidelines issued by the Reserve Bank of India to the Private Sector Banks in India, SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended and also as under the requirements of Whistle Blowing / Vigil Mechanism as per Section 177 of the Companies Act, 2013.

With a view to raise the bar for ethical behavior, the Bank considers it appropriate to provide a channel to its various stakeholders for informing fearlessly, any event of concern to a designated authority in the Bank. A system for reporting suspected activities, illegal or unethical practices, actual or suspected fraud or violations of Bank’s Code of Conduct to a Designated Official in a confidential manner is intended to be put in place to encourage reporting without any fear.

It is expected that this Policy will encourage various stakeholders namely, the Bank’s directors, employees, customers, suppliers, shareholders, etc. to bring to the notice of the Bank any issue involving compromise / violation of ethical norms, legal or regulatory provisions, etc. without any fear of reprisal, retaliation, discrimination or harassment of any kind.

2. OBJECTIVE

The Bank has a responsibility to its stakeholders, customers and public at large to conduct its affairs in compliance with the laws and regulations to which it is subject. Adherence to ethical practices, besides being in compliance with laws and Regulations including Reserve Bank of India Act, 1934, Banking Regulation Act, 1949, Securities and Exchange Board of India (SEBI) Act, 1992, SEBI (Prohibition of Insider Trading) Regulations, 2015, Circulars/ Notifications, etc. issued by RBI, SEBI, instills confidence among employees, customers and others who conduct business with the Bank.

The objective of the Policy is to identify any untoward event at the initial stage itself and to take corrective measures to avoid / limit the damage. The Policy aims at spotting aberrations and dealing with it at the earliest. Vigilant directors, stakeholders, employees and their representative bodies must be able to come forward to report cases of malpractice, fraud, systemic violations, leak or suspected leak of Unpublished Price Sensitive Information, etc. in the interest of the Bank, to maintain its public image and reputation.

3. WHISTLE BLOWER

A director, stakeholder, employee, customers or his representative body making a disclosure, about an improper practice or an untoward event under this policy is commonly referred to as a Whistle Blower. The Whistle Blower's role is that of a reporting party. He/ She is not an investigator or fact finder, nor does he/she determine the appropriate corrective or remedial action.

4. COVERAGE AND SCOPE

The Policy is intended to help persons who have major concerns over any unethical practice/irregularities within the Bank and to report all unlawful activities, misconduct, malpractices, violation of any legal or regulatory provisions, financial mismanagement, accounting irregularities, etc. It is impossible to give an exhaustive list of the activities that constitute such misconduct / malpractice / violations but, broadly speaking the following acts may be reported:

- a) Criminal offence (e.g. fraud, corruption or theft) committed / likely to be committed.
- b) Failure to comply with legal / regulatory obligations.
- c) KYC / AML related issues.
- d) Breach of client promise by the Bank.
- e) Bank funds used in an unauthorized manner.
- f) Sexual or physical abuse, sexual harassment of a member of staff, service recipient or service provider.
- g) Leak or Suspected leak of Unpublished Price Sensitive Information and violation of Code adopted by the Bank in pursuance to SEBI (Prohibition of Insider Trading) Regulations, 2015
- h) Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability.
- i) Actions which endanger the health or safety of employees or the public.
- j) Any other form of improper action or conduct.
- k) Information relating to any of the above deliberately concealed or attempts being made to conceal the same.
- l) Corruption and misuse of office, failure to comply with rules and regulations prescribed by the Bank and any events / acts detrimental to the interest of the Bank, depositors and the

- public.
- m) Demanding and / or accepting gratification - other than legal remuneration - in respect of an official act or for using his/her influence with any other official.
 - n) Obtaining valuable thing, without consideration or with inadequate consideration, from a person with whom he/she has or is likely to have, official dealings or his/her subordinates have official dealings or where he/she can exert influence.
 - o) Obtaining for him/her or for any other person, any valuable thing or pecuniary advantage, by corrupt or illegal means or by abusing his/her position as an employee.
 - p) Abnormal / suspicious transactions in his/her / dependents' accounts and / or possession of assets disproportionate to his/her declared sources of income and lifestyles not in line with the known sources of income.
 - q) Cases of misappropriation, forgery / cheating or other similar criminal offences.
 - r) Gross or willful negligence; recklessness in decision-making; blatant violations of systems & procedures; exercise of discretionary powers in excess where no ostensible organizational interest is evident; failure to keep the controlling authority/superiors informed in time, misrepresentations in control returns etc.

5. WHISTLE BLOWER'S ROLE & RIGHTS

Whistle Blowing shall be referred to as any communication that is made in good faith that discloses an intention of an ongoing malpractice in the Bank. 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.

The below are the roles & responsibilities and rights of a whistle blower:-

- a. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Disclosure under this Policy.
- b. Whistle blower shall not act on his own,
- c. All employees of the Bank have a duty to co-operate with the further investigations initiated under the policy on the event reported. Whistle Blower shall not file any complaints for personal benefits.
- d. The motive of a whistle blower is irrelevant for consideration of the validity of the allegations. However, the Bank will be at liberty to take action against the Whistle Blower for intentional filing of a false report or for vexatious / frivolous complaints made under the scheme.
- e. The Whistle Blower should ensure that the issue raised relates to dishonest action / practice detrimental to the interest of the Bank / its customers / shareholders / employees / public at large. He / She should study all the relevant facts and understand the significance of the matter and thereafter, having satisfied himself / herself of the misdeed / wrongful act, make the complaint.
- f. A Whistle Blower will have the right to get protection from retaliation. But, this does not extend immunity to him/her in respect of the matters that are the subject of the allegations or

an ensuing investigation provided he/she is involved.

- g. A Whistle Blower shall not ventilate to outsiders before exhausting the remedy internally. Whistle-blowers should neither conduct nor probe on their own nor do they have the right to participate in any investigative activities other than to the extent required by the Investigating Officer/s.

6. PROCEDURE FOR REPORTING

- a) A communication for the purpose of reporting any event / information of concern (The complaint) should be sent in a *closed / secured envelope super-scribed "Under Whistleblower Policy/ Protected Disclosures Scheme" and shall be addressed to the-*

Chief of Internal Vigilance

Vigilance Department
Tamilnad Mercantile Bank Limited,
Second Floor,
No.57 V.E.Road, Thoothukudi -628002

The Whistle Blower shall not write the 'from' address on the envelope. The complaint can also be sent by email to civ@tmbank.in, if the complainant so wishes.

- b) The envelope addressed to the Chief of Internal Vigilance who is the designated authority under the scheme shall be opened only by the Chief of Internal Vigilance. If any other employee opens the envelope, such lapses would be viewed seriously.
- c) The Complaints should contain particulars and may, inter alia, cover the following aspects to the extent possible:
- i. Nature of the event being reported
 - ii. Time of occurrence of the event
 - iii. Specific location where the event occurred.
 - iv. The role of the individual or bank in the alleged event.
 - v. The grounds on which the informant believes the event to be unethical.
 - vi. Any supportive/documentary evidence on the alleged event.
 - vii. Other witnesses (if any) to the alleged event.
- d) Confidentiality of whistle blowers shall be maintained. The authority shall keep the identity of the complainant (whistle blower) secret except in the following cases:
- i. The complaint turns out to be vexatious, frivolous or ill-motivated and action has to be initiated against the complainant;
 - ii. The complainant himself/herself has made the details of the complaint public under compulsions of law.

- e) The Whistle Blower should give his/her name, staff no. (If applicable), designation, department / office / branch, etc. and address for communication in the beginning or at the end of the complaint or in an attached letter. After receiving the complaint letter, the complainant's name and address will not be disclosed in Note prepared by the Bank. Anonymous / pseudonymous complaints will not be entertained.
- f) The Whistle Blower should ensure that the issue raised relates to dishonest action / practice detrimental to the interest of the Bank / its customers / shareholders / employees / public at large. He/ She should study all the relevant facts and understand the significance of the matter and thereafter, having satisfied himself / herself of the misdeed / wrongful act, make the complaint.
- g) Copies of documents that may help in establishing the veracity of the complaint may preferably be attached.
- h) If one has any personal interest in the matter, it must be disclosed at the outset in the forwarding letter / email message.
- i) The letter / complaint indicating the allegations shall not form a part of management's evidence to be adduced in a domestic enquiry, if any, to be initiated against any staff member in a disciplinary action.
- j) A director or an employee who avail the mechanism may directly represent to the Chairman of the Audit Committee of the Board in exceptional cases through e-mail ID acbtmbho@gmail.com.

7. PROCESS OF HANDLING REPORTS

- a) The Chief of Internal Vigilance will personally open all the emails or postal /courier mails pertaining to the matters reported under this Policy. He shall maintain a Register containing brief particulars of the Reports received under this Policy. He shall assign a Unique Reference Number (URN) to each Report. All communications pertaining to a Report will bear the URN.
- b) He will examine the same and decide on the steps to be initiated for investigation.
- c) On his instruction, complaints received under the policy shall be discreetly enquired into immediately by the Vigilance Department. Either as a result of the discreet inquiry or on the basis of the complaint itself, if the Bank is of the opinion that the matter requires to be investigated further, the Managing Director & Chief Executive Officer, with the recommendation of the Chief of Internal Vigilance, will permit investigation by the

Vigilance Department.

- d) Any reference or complaint made to any Senior Management executive of the Bank of the nature covered under the ambit of this policy will be forwarded by the concerned executive to the Chief of Internal Vigilance and handled in the manner as described above.
- e) An annual review will be put up to the Audit Committee of the Board and the Board of Directors on the Reports received by the Bank under this Policy.

8. PROTECTION AVAILABLE TO THE WHISTLE BLOWER

- a) All those who are associated in the process of receiving, processing and investigating the complaints under the Scheme, shall maintain strict confidentiality of the Whistle-blower's identity at all points of time.
- b) Under no circumstances a genuine complainant will be victimized or harassed by the Bank or any of its Officials. They will be safeguarded from any adverse, personal, vindictive action.
- c) If any person is aggrieved by any action of the Bank or its Officials on the ground that he/she is victimized due to filing of the complaint or disclosure, he/ she may file an application before the Managing Director & CEO seeking protection. Managing Director & CEO will take such action, as deemed fit.
- d) In the event of the identity of the complainant under the Scheme being disclosed, the Managing Director & CEO will be referring for appropriate disciplinary action against the person(s) making such disclosure. Managing Director & CEO may also direct such person(s) to suitably compensate the complainant.
- e) Protection under the Scheme would not mean protection from disciplinary action arising out of false / bogus / malicious allegations / complaint made by the Whistle Blower.

9. RECOGNITION

The Bank will issue letters of appreciation signed by Managing Director & CEO or consider other forms for recognizing the effort in case of genuine complaint proved subsequently on investigation, depending on the magnitude of the loss / damage detected / avoided. The recognition will not be made public.

10. PUNISHMENT

- a) Any staff member who knowingly makes false / vexatious / frivolous / ill- motivated allegations to the Chief of Internal Vigilance shall be subject to disciplinary action. An

opportunity of hearing will, however be given by the Bank to the complainant before taking such action.

b) The decision on reference to disciplinary proceedings shall vest with the MD & CEO.

11. DISSEMINATION

a) The Bank will put in place appropriate measures to advise all staff members of the existence of this Policy as adopted by the Board and amended from time to time. The Policy will also be published on the Bank's website and intranet.

b) In order to percolate the importance of Whistle Blowing, Staff Training College shall take up this as an input in the training sessions.

c) Branch Managers shall also discuss the item in their Branch Meetings and make all the staff members aware of their responsibilities under the policy.

12. REVIEW OF POLICY

The Vigilance Department is responsible for submitting a review report to the Audit Committee of the Board on yearly basis. The Audit Committee is authorized to monitor and review the policy and any modifications / alterations to the Policy shall be recommended by the committee to the board of Directors for their consideration.
