



VIGIL MECHANISM / WHISTLE BLOWER POLICY

FOR

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA



[BASED ON REGULATION NO. 22 OF THE SEBI (LODR) REGULATIONS, 2015 WHICH REQUIRE EACH LISTED ENTITY TO ESTABLISH A VIGIL MECHANISM / WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES TO REPORT GENUINE CONCERNS AND REGULATION NO. 9A (6) OF SEBI (PIT) (AMENDMENTS) REGULATIONS, 2018 WHICH MANDATES TO FORMULATE A WHISTLE BLOWER POLICY]

[THE BOARD OF DIRECTORS OF SIDBI IN THEIR 217TH BOARD MEETING HELD ON FEBRUARY 06, 2023, HAS APPROVED THIS POLICY]



Vigil Mechanism / Whistle Blower Policy

1. Background:

Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, provides as follows:

“(1) The listed entity shall formulate a vigil mechanism / whistle blower policy for directors and employees to report genuine concerns. (2) The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.”

As per Regulation 9 A (6) of SEBI (Prohibition of Insider Trading) Regulation, 2015, the listed company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

Under the provisions of Companies Act and SEBI's guidelines, the Whistle Blower Complaints are to be made to the Audit Committee, which includes direct access to the Chairman of the Audit Committee by the Whistle Blower. As per the provisions contained in the Companies Act 2013 & RBI directions dated 01.07.2016, the CVOs (Chief Vigilance Officers) are not authorized to receive complaints directly from the Whistle Blowers (Officers & Employees of the Bank).

Small Industries Development Bank of India (SIDBI) is committed to promoting honesty and integrity and maintaining the highest ethical standards in all its activities. Consistent with these values, SIDBI aim to ensure regulatory compliances, policies, procedures, practices and ensuring adequate system in place through an internal Vigil Mechanism / Whistle Blower Policy and to prevent the insider trading, if any.

The said Vigil Mechanism / Whistle Blower Policy shall instill confidence into the directors and/or employees and/or any other person who avail the mechanism to prevent any suspected incidence of any violations at its initial stage itself to ensure effective corporate governance.



Vigil Mechanism / Whistle Blower Policy

2. Definitions:

Audit Committee	means the audit committee constituted by the Board.
Any other person	means consultants or advisors or auditors of SIDBI reasonably considered to have the access of unpublished price sensitive information.
Directors	means appointed or elected or nominated or co-opted members of the Board of directors of SIDBI.
Employees	means every employee of SIDBI, Regular or Contractual.
Good faith	means 'protected disclosure' aimed at achieving the objective of this policy and not meant for its misuse.
Improper activity	means any activity by an employee/director of SIDBI that is undertaken during the performance of his or her official duty, which is in violation of any law or the rules of conduct applicable to the employee, including but not limited to, abuse of authority, breach of contract, manipulation of data, pilferage of confidential information, corruption, bribery, misuse, fraud or willful act or omission, gross misconduct, leakage of unpublished price sensitive information, unethical, biased, favoured, or imprudent act, etc.
Intermediaries	means relevant intermediaries under regulations 9A (7) of SEBI (PIT) Regulations, 2015.



Vigil Mechanism / Whistle Blower Policy

Investigators	means those persons/committee authorized or appointed by the Chairperson of the Audit Committee to investigate a protected disclosure.
Mode of Communication	means communication through email or letter.
Protected Disclosure	means a complaint of an unethical conduct, made in good faith, under this policy.
Subject or Accused	means an employee or Director against whom, or in relation to whom, a Protected Disclosure has been made or evidence gathered during an investigation.
UPSI	means unpublished price sensitive information defined under regulation 2 (1) (n) of SEBI (PIT) Regulations, 2015.
Whistle blower	means the director(s) or employee(s) or any other person who makes a protected disclosure under this policy.

3. **Guiding Principles:** The policy aims at instilling confidence into the whistle blower, for ensuring effective corporate governance, by maintaining confidentiality and protection from any form of victimization.

The complaint should be disposed of in a time bound manner. The investigators should also be protected against victimization. The subject (accused) shall be provided an opportunity of being heard, before a final conclusion is drawn. SIDBI reserves the right to initiate disciplinary action against the whistle blower, in case the complaint is found to be false or frivolous, after investigation.

4. **Scope:** This policy stipulates duties and obligations of whistle blowers and investigators, pertaining to the matters of protected disclosures and processes, for making complaints, investigations, complaint disposal, and dealing with false / frivolous complaints.



Vigil Mechanism / Whistle Blower Policy

5. **Duties and Obligations of whistle blowers:** Whistle blowers can lodge complaints either through email or by way of signed letter.

5.1. The complaint through email is to be marked to the email ID whistleblower@sidbi.in.

5.2. The complaint through letter is to be marked to the Chairperson of the Audit Committee in a sealed envelope, superscribed as 'Complaint under the internal Vigil Mechanism / Whistle Blower Policy'.

5.3. Whistle blowers have the right to lodge protected disclosure directly to the Chairperson of the Audit Committee.

5.4. The whistle blower, instead of investigating the matter on his / her own, must provide the available information while lodging the complaint.

5.5. Any false or frivolous complaint made, otherwise than in good faith, will be liable for disciplinary action.

6. **Duties and Obligations of Investigators:** Investigators shall be appointed by the Chairperson of the Audit Committee.

6.1. Investigators will maintain confidentiality about

6.1.1. the identity of Whistle Blower,

6.1.2. the investigation process and

6.1.3. the investigation findings.

6.2. The investigator shall submit the investigation report to the Chairperson of the Audit Committee, in a time bound manner, maintaining utmost secrecy.

7. **Investigation:** Password to access dedicated e-mail ID will be with the Chairperson of the Audit Committee, who shall also be responsible for maintaining the secrecy.



Vigil Mechanism / Whistle Blower Policy

- 7.1. On receipt of the protected disclosure, the Chairperson of the Audit Committee, shall conduct preliminary review of the protected disclosure and shall decide for fitness for initiating investigation. If investigation is not deemed as warranted, reason(s) for such determination shall be recorded in writing.
- 7.2. Chairperson of the Audit Committee has the right to request information from the intermediaries, in case it is so desired.
- 7.3. Accused shall be given the right of being heard at the appropriate stage.
8. **Investigation Report:** The investigations shall be completed within the period stipulated by the Chairperson of the Audit Committee. Investigation reports shall necessarily consist of facts of the case and recommendation regarding the suggested course of action. The report shall include, but not limited to, monetary aspects, level and nature of risks, regulatory violations or breach of trust etc. and shall recommend (a). proceedings in suitable cases, if warranted, (b). corrective measures to prevent recurrence of such events in Future and (c) Any other action as deemed fit.
9. The recommendations made in the Investigation Report will be considered by the Chairperson of the Audit Committee, to take further action under intimation to the Audit Committee. In those cases, where investigation has not been ordered, the reasons recorded for not getting the matter investigated must be reported to the Audit Committee, while submitting the quarterly status report, as stated in para 11 below.
10. **Role of Fraud Monitoring Cell:** Wherever there is an element of fraud in the complaint, the Investigators, post investigation, may refer to Fraud Management Cell (FMC) for their inputs and further course of action. The Investigators may also take the inputs of FMC for taking any final view on the complaint, if required or may direct Fraud Monitoring Cell (FMC) for deliberating and taking a decision in the matter.
11. **Reporting to the Audit Committee:** Status of whistle blower's complaints received, pending and disposed of, must be reported by the recipient Authority to the Audit Committee Bi-annually.



Vigil Mechanism / Whistle Blower Policy

12. **Awareness:** The policy shall be hosted on the bulletin board/Intranet as well as the website of SIDBI.
13. **Archival Policy:** Chairperson of the Audit Committee will ensure that records collected during investigation, including copy of the complaint, statements of the witnesses, evidence collected etc. are preserved with strict controls and confidentiality.
14. **Recognition:** Whistle blower shall be given due recognition and his / her contribution shall be entered in his / her service record, if the 'Protected Disclosure' reported by him / her is found to be true.
15. **Amendment / Modification:** The Policy shall remain valid unless modified on account of any regulatory change, or any other valid reason, by the Board of Directors of SIDBI or any Authority approved by the Board.



