

## NABFINS' WHISTLE BLOWER POLICY

### 1. VIGIL MECHANISM / WHISTLE BLOWER POLICY

A Vigil (Whistle Blower) mechanism is the disclosure by Director/s and employee/s of illegal, immoral or illegitimate practices like unethical behavior, actual or suspected fraud or violation of the Codes of conduct or legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. to the Managing Director of the company and make provision for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

The Company believes to adhere to the highest standards of professionalism, ethical behaviour, moral and legal conduct of business operations. To maintain these standards, the Company has adopted the fair practice code as prevalent from time to time, which lays down the principles and standards that should govern the actions of the Company. Any concern howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. NABFINS encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The role of the Directors, Employees in pointing out any such violations cannot be undermined.

### 2. SCOPE OF THE POLICY

This Policy is an extension of the fair practice code and staff rules of the company. The Whistleblower'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.

Whistleblowers 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 competent authority. Protected Disclosure will be appropriately dealt with by the competent authority, as the case may be.

### 3. DEFINITIONS

- 3.1 **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act 1956 / Section 177 of the Companies Act 2013 and in compliance with RBI Guidelines on Corporate Governance for NBFCs;
- 3.2 **"Employee"** means every employee of the Company, including the Directors in the employment of the Company;
- 3.3 **"Protected Disclosure"** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected Disclosures should be factual and not speculative in nature;
- 3.4 **"Code"** means Conduct for Directors and Employees adopted by NABARD Financial Services Ltd (NABFINS);
- 3.5 **"Subject"** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation;
- 3.6 **"Whistle Blower"** means an Employee or Director making a Protected Disclosure under this Policy;
- 3.7 **"Whistle and Ethics Officer"** means an officer of the Company nominated by Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from Whistle blowers, maintain record thereof, placing the same

before the Audit Committee for its disposal and informing the Whistle blower the results thereof;

3.8 “**Competent Authority**” means Managing Director of the Company;

1.9. “**Company**” means NABARD Financial Services Limited.

#### **4. ELIGIBILITY**

All Employees and Directors of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

#### **5. DISQUALIFICATIONS**

5.1 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;

5.2 Protection under this Policy would not mean protection from 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; and

5.3 Whistleblowers, who make three or more Protected Disclosures, which have been subsequently found to be *mala fide*, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistleblowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

#### **6 RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:**

6.1 All Protected Disclosures should be reported in writing as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English.

6.2 The Protected Disclosure 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”. If the disclosure is not super scribed and closed as mentioned above, it will not be possible for the Competent Authority to protect the whistle blower and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the whistle blower, the competent authority will not issue any acknowledgement to the whistle blower and they are advised neither to write their name/address on the envelope nor enter into any further correspondence with the competent authority. The competent authority shall assure that in case any further clarification is required he will get in touch with the whistle blower.

6.3 The Company shall not entertain anonymous/ pseudonymous disclosures.

6.4 The Protected Disclosure should be forwarded under a covering letter signed by the whistle blower. The Managing Director or 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. The identity of the whistle blower shall be kept confidential.

6.5 All Protected Disclosures should be addressed to the Managing Director of the Company or to the Chairman of the Audit Committee in exceptional cases or to their Email IDs. The contact details are as under:-

**Name and Address of Managing Director of the Company:**

Shri Subrata Gupta  
NABARD Financial Services Ltd.  
#3072, 14<sup>th</sup> Cross, K R Road,  
Banashankari 2<sup>nd</sup> Stage  
Bengaluru, Karnataka, PIN: 560070  
Email : [md@nabfins.org](mailto:md@nabfins.org)

**Name and Address of Chairman (Audit Committee):**

Shri M I Ganagi  
The Chief General Manager  
NABARD Karnataka Regional Office  
No.46, NABARD Tower, K G Road  
Bengaluru – 560 009  
Email: [mi.ganagi@nabard.org](mailto:mi.ganagi@nabard.org)

- 6.6 On receipt of the protected disclosure, the Managing Director or Chairman of the Audit Committee, as the case may be, 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. The record will include:
- Brief facts;
  - Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
  - Whether the same Protected Disclosure was raised previously on the same subject;
  - Details of actions taken by the competent authority for processing the complaint;
  - Findings of the Audit Committee
  - The recommendations of the Audit Committee/ other action(s)
  - The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

## 7. INVESTIGATION

- 7.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the Managing Director / Chairman of the Audit Committee of the Company who will investigate / oversee the investigations under the authorization of the Audit Committee. If any member of the Audit Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and the other members of the Audit Committee should deal with the matter on hand.
- 7.2 The Managing Director/Chairman of the Audit Committee may at its discretion, consider involving any Whistle and Ethics Officer for the purpose of investigation.
- 7.3 The decision to conduct an investigation taken by the Managing Director / Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistleblower that an improper or unethical act was committed.
- 7.4 The identity of a Subject/s against whom the allegations made in protected disclosure will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- 7.5 Subject/s will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 7.6 Subject/s shall have a duty to co-operate with the Managing Director / Chairman of the Audit Committee or any of the Whistle and Ethics Officer during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- 7.7 Subjects have a right to consult with a person or persons of their choice, other than the Managing Director / Investigators and/or members of the Audit Committee and/or

the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.

- 7.8 Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- 7.9 Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.10 Subjects have a right to be informed of the outcome of the investigation. 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 Company.
- 7.11 The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## **8. PROTECTION**

- 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 Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistleblowers. Complete protection will, therefore, be given to Whistleblower/s 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 Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure. The Company 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 Company will arrange for the Whistleblower to receive advice about the procedure, etc.
- 8.2 A Whistleblower may report any violation of the above clause to the Managing Director or the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action.
- 8.3 The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under law. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Managing Director / Chairman of the Audit Committee (e.g. during investigations carried out by Investigators).
- 8.4 Any other Employee or Director assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

## **9. INVESTIGATORS/ WHISTLE AND ETHICS OFFICER**

- 9.1 Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Managing Director / Audit Committee when acting within the course and scope of their investigation.
- 9.2 Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.
- 9.3 Investigations will be launched only after a preliminary review which establishes that:
  - a) The alleged act constitutes an improper or unethical activity or conduct, and
  - b) Either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

## **10. SECRECY / CONFIDENTIALITY**

10.1 The complainant, Whistle and Ethics Officer, Managing Director, Members of Audit Committee, the Subject and everybody involved in the process shall:

- Maintain confidentiality of all matters under this Policy
- Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- Not keep the papers unattended anywhere at any time
- Keep the electronic mails / files under password.

## **11. DECISIONS**

11.1 If an investigation leads the Managing Director / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Managing Director / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff rule and disciplinary procedures.

11.2 If the report of investigation is not to the satisfaction of the whistle blower, he/she has the right to report the event to the appropriate legal or investigating agency. A whistle blower who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the Managing Director or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

## **12. REPORTING**

12.1 The Managing Director shall submit a report to the Audit 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.

## **13. RETENTION OF DOCUMENTS**

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

## **14. AMENDMENTS**

The Company 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.

## **15. INTERPRETATIONS**

In the event of any doubt in interpretation in any of the provisions/applicability with regard to the Vigil mechanism/Whistle blower policy, the company reserves the right and the decision of the company will be final and binding.