PROTECTED DISCLOSURE SCHEME

2025 - 2026

Vigilance Department

Head Office, Thoothukudi

Version 2.0.1

Document Version Control

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Prepared By	Vigilance Department
Recommended By	Deputy Vice President, Vigilance Department
Reviewed By	Audit Committee of the Board
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Document History

Protected Disclosure Scheme

Version No.	Date of Approval	Brief Description of Changes
1.0.1	02.03.2018	As per RBI guidelines the policy was modified in line with Whistle Blowing/ Vigil Mechanism laid down as per section 177 of the Companies Act, 2013.
1.0.2	15.05.2019	No changes
1.0.3	23.03.2020	No changes
1.0.4	16.03.2021	No changes
1.0.5	15.03.2022	As the functioning of cell is monitoring in nature, Board of Directors in their meeting held on 07.09.2021, resolved to change the name of "Discipline and Fraud Management Cell" as "Discipline & Fraud Monitoring Cell".
1.0.6	09.05.2023	Annual Review of Policy As advised by our MD & CEO, the policy had been revamped in consultation with our External Legal Advisor, Shri. R. Ramabadran and the policy had been brought under the purview of Vigilance Department.
2.0	09.05.2024	Annual Review of Policy Our Secretarial Section had a policy in the name of "Policy for whistleblower cum protected disclosure scheme" in terms of the SEBI (LODR) Regulations, 2015. As per the direction, the said policy was clubbed with Protected Disclosure Scheme of Vigilance Department.

Referrals

1. RBI circular DO DBS. FrMC No.BC 5 /23.02.011 / 2006-07 dated 04.18.2007

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1. Introduction:

The Government of India, vide its Resolution dated April 21, 2004 had authorized the Central Vigilance Commission (CVC) as the 'Designated Agency' to receive written complaints for disclosure on any allegation of corruption or misuse of office by any employee of the Central Government or of any corporation established by or under any Central Act, Government companies, societies or local authorities owned or controlled by the Central.

RBI proposed to introduce similar scheme for private sector and foreign banks. The draft of the scheme was placed on the website of Reserve Bank on January 25, 2006 inviting suggestions from all concerned, including members of public. After considering all the suggestions received by RBI, the scheme 'Protected Disclosure Scheme' has since been finalized and it has been decided to implement the same with immediate effect vide RBI circular DO DBS. FrMC No.BC 5 /23.02.011 / 2006-07 dated 04.18.2007.

2. Preamble:

Tamilnad Mercantile Bank (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 Boardof Directors ("**Board**") and the Management of the Bank are committed to maintaining the highest standards of honesty and integrity and promoting and maintaining a corporate culture that adheres to these values. In pursuit of this philosophy of good governance, the Bank has put in place a confidential, safe, reliable channel of communication that can be used for bringing to the notice of the designated authority of the Bank serious instances of wrongdoing by its employees, without any fear of backlash. This channel is enunciated in this Whistle Blowers Policy titled **"Protected Disclosure Scheme"**, which is adopted by the Bank in terms of the guidelines of the Reserve Bank of India to the Private Sector Banks in India, SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended and under the requirements of Whistle Blowing / Vigil Mechanism as per Sec.177 of The Companies Act, 2013. This scheme of confidential reporting is necessitated due to the widely witnessed silence of the persons in the know of wrongdoings, for fear of retribution.

Bank has provided this channel of reporting to all its stakeholders, for fearlessly bringing to the notice of the Bank any event or information of grave concern. The scheme serves as a system for reporting all and any suspected activities, illegal or unethical practices, actual or suspected frauds, violations of Bank's Code of Conduct and any other matter of serious concern, to the Designated Authority in a confidential manner. While the channel is open to all stakeholders of the Bank namely, the Bank's directors, employees, customers, suppliers, etc., it is expected that the Bank's employees, in particular, will have an active role to play, since Bank's own employees are the ones expected to have immediate knowledge of wrongdoings being planned or done by people within the Bank.

3. Policy Objectives:

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 subjected to, including Reserve Bank of India Act, 1934, Banking Regulation Act, 1949, Companies Act, 2013, Securities and Exchange Board of India (SEBI) Act, 1992, SEBI (Prohibition of Insider Trading) Regulations, 2015, Circulars, Notifications and Guidelines issued by RBI, SEBI, etc. Adherence to the requirements of law instills confidence among employees, customers and others who conduct business with the Bank.

In the increasingly competitive environment of banking, some of the Bank's own employees may find themselves under increasing pressure to deviate from rules and norms, under the garb of business augmentation. The policy seeks to thwart such events by providing a safe channel of communication to the Designated Authority about these actions and practices and thereby ensure that the high standards of public services rendered by the Bank are not dented.

The policy has the foremost objective of ensuring that the Bank gets to know of serious wrongdoings, if any, planned or done by any of its employees, at the initial stage itself or at the earliest possible, so that such actions can be nipped in the bud by suitable interventions. The Policy aims at spotting aberrations and dealing with them 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 of the Bank.

The policy seeks to promote a culture of openness within the organization, by providing a safe and reliable channel of communication, rather than push its upright employees to a point where they would be forced to vent their complaints elsewhere outside the Bank.

4. Whistle Blower:

A director of the Bank, employee of the Bank or his representative body, customer, supplier, shareholder or any other stakeholder making a disclosure under this policy, about an improper practice or an untoward event or serious wrongdoing, is referred to as a Whistle Blower. The Whistle Blower's role is that of a reporting party. He / She is neither an investigator nor a fact-finder, nor does he/she determine the appropriate corrective or remedial action.

Types of Whistle Blowers:

A. <u>Internal:</u>

An Internal Whistle Blower is from within the Bank, who discloses any serious wrongdoing that has come to his knowledge, to the Designated Authority of the Bank. He / She may be

- A director of the Bank
- A workman employee of the Bank or his representative body
- An Officer of the Bank or his representative body
- A casual or contract employee of the Bank

B. <u>External:</u>

An External Whistle Blower is from outside the Bank, who discloses any serious wrongdoing that has come to his knowledge, to the Designated Authority of the Bank. He/She may be

- A Customer
- A member of the General Public

- A Shareholder of the Bank
- A person from Media
- Any law enforcement agency
- Any watchdog agency
- A supplier or service provider to the Bank
- Any other stakeholder

5. Coverage and Scope:

The Policy is intended to help persons who have major concerns over any wrongdoing within the Bank to report such unlawful / unethical conduct, serious misconduct, malpractices, violation of legal or regulatory provisions, financial malfeasance, etc. The Protected Disclosure Scheme extends only to complaints with a vigilance angle, against the functionaries of the Bank. In exceptional cases, a complaint which is not specifically against a functionary of the Bank may be accepted, if it points to a fraud on the Bank by anyone including a customer of the Bank. Any complaint not having a vigilance angle, such as a complaint about deficiency of service, behavioral issues, etc., will not be entertained under the Policy.

Whereas it may not be possible to provide an exhaustive list of all such activities ranking for reporting under the Protected Disclosure Policy, the wrongdoings that may be reported under the policy are illustratively listed as under:

- Any criminal offence committed / likely to have been committed by anyone in the Bank. Examples are fraud, theft, misappropriation of Bank's or customer's funds, financial / accounting irregularities, etc.
- Failure to comply with legal/ regulatory obligations.
- KYC/ AML related issues.
- Breach of client promise by the Bank.
- Miscarriage of justice that has already occurred / is likely to occur.
- Misuse of Bank funds in an unauthorized manner.
- Sexual or physical abuse, sexual harassment of a member of staff, service recipient or service provider.
- Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability.

- Actions which endanger the health or safety of Bank's employees or its customers.
- 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.
- Demanding and/or accepting illegal gratification in respect of an official act or for using his/her influence with any other official.
- Abusing his/her position as an employee by accepting or agreeing to accept any valuable thing or pecuniary advantage, without consideration or with inadequate consideration, from a person with whom he/she has or is likely to have official dealings or from subordinates who have official dealings with him/her or from others over whom he/she can exert influence.
- 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.
- Abnormal/ suspicious transactions in his / her / own accounts or related accounts and / or possession of assets disproportionate to his/her known sources of income and lifestyles not in line with the known sources of income.
- Cases of misappropriation, forgery/ cheating or other similar criminal offences.
- 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.
- Gross misdemeanor in the personal life of the employee, which is likely to impact Bank's reputation and standing
- Any other form of improper action or conduct that is serious in nature.
- Suppression of information relating to any of the above from the knowledge of the higher authorities.
- Leak or Suspected leak of Unpublished Price Sensitive Information, actions amounting to price-rigging and violation of Code adopted by the Bank in pursuance to SEBI (Prohibition of Insider Trading) Regulations, 2015.

- Information relating to any of the above being deliberately concealed or attempts being made to conceal the same.
- Any other form of improper action or conduct.

6. Designated Authority under the Policy:

The Chief of Internal Vigilance is the Designated Authority to receive and handle complaints under the Protected Disclosure Scheme. In the event of his prolonged absence, the MD&CEO of the Bank may appoint an alternative official to temporarily function as the Designated Authority under the Policy.

In exceptional cases, the Chairman of the Audit Committee of the Board may also supplement as the Authority for direct access by the complainants under the Policy, as provided for under Sec.177(10) of the Companies Act 2013.

Whistle Blower can make a disclosure against any employee / officer of the bank upto level of Executive Vice President / President. *

* As regard disclosure against any Director, Executive Director, Managing Director & Chief Executive Officer and Chairman, etc., (except RBI Additional Directors) received by CIV, Vigilance Department shall place the same before the Audit Committee of the Board for further direction, after duly masking the details of the whistle blower.

7. Whistle Blower's Role:

Whistle Blowing shall be referred to as any communication that is made in good faith that discloses an intended or 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 fact-finders, 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 file any complaints for personal benefits

c. 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.

d. The Whistle Blower has a duty to co-operate with the investigations initiated under the policy.

e. 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.

f. A Whistle Blower will have the right to get protection from retaliation. But this does not afford immunity to him/her in respect of the matters that are the subject of the allegations against him/her or from an ensuing investigation, wherein his/her involvement is established.

g. A Whistle Blower shall not ventilate to outsiders before exhausting the remedy internally.

h. The Whistle Blower's complaint shall not form part of management's evidences to be adduced in a domestic enquiry, if any, to be initiated against any staff member pursuant to the investigation of the Whistle Blower's complaint.

i. Whistle-blowers should neither conduct any 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.

8. Procedure for Reporting:

a) Whistle Blower shall lodge his complaint in a sealed envelope or through email, as stated in the Policy, in confidence and facilitate conduct of an investigation.

b) The envelope or email addressed to Designated Authority shall be opened only by the Designated Authority. If any other employee opens the envelope or email, such action would be viewed seriously.

c) Confidentiality of whistle blowers shall be strictly maintained. The Designated Authority shall keep the identity of the complainant (whistle blower) secret except in the following cases:

- Where the complaint turns out to be vexatious, frivolous or ill-motivated and action has to be initiated against the complainant;
- Where the complainant himself/herself has made the details of the complaint public
- Under compulsions of law.

d) The Whistle Blower's complaint reporting any event/ information of concern should be sent in a closed / secured /sealed envelope superscribed "Under Protected Disclosures Scheme" and shall be addressed to the Chief of Internal Vigilance, Tamilnad Mercantile Bank Ltd., Head Office, 57 V.E. Road, Thoothukudi 628002. The Whistle Blower shall not mention his (sender's) address on the envelope. The envelope shall be sent by Ordinary Post / Registered Post / Speed Post. The complaint can also be sent by email to **civ@tmbank.in** if the complainant so wishes.

e) In exceptional and serious cases, a whistle blower may also choose to directly represent to the Chairman of the Audit Committee of the Board by a signed complaint in a closed / secured / sealed envelope sent through registered post or speed post or through the e-mail ID acbtmbho1@gmail.com

f) Anonymous and pseudonymous complaints will not rank as whistle blower complaints under the policy. Such complaints, if received as a Whistle Blower complaint, will be dealt with on merits outside the Protected Disclosure Scheme.

g) The Whistle Blower shall provide his name and address in the complaint either in the beginning or at the end of the complaint or in an attached letter, to facilitate the masking of such details if necessary. The Whistle Blower shall neither reveal his identity nor provide any clues about his identity in the body of the complaint. After receiving the complaint, the complainant's name and address will not be disclosed in the office note/s prepared by the Bank.

h) If the Whistle Blower is a staff of the Bank, he/she 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.

i) The Complaints should contain all relevant particulars and may, inter alia, cover the following aspects to the extent possible:

   a. What wrongdoing is being reported?
   b. When did it occur?
   c. Specific location of the occurrence of wrongdoing
   d. How was the alleged wrongdoing committed?
   e. Why the informant believes the act to be improper?
   f. What documentation exists to corroborate the allegations?
   g. Other witnesses (if any) to the alleged wrongdoing.

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j) The Whistle Blower should ensure that the issue raised relates to dishonest action / wrongdoing / practice detrimental to the interest of the Bank/ its customers/ shareholders/employees/public at large. He / She should study all relevant facts and understand the significance of the matter and thereafter, having satisfied himself / herself of the misdeed / wrongful act, make the complaint.

k) Copies of documents that may help in establishing the veracity of the complaint may be attached to the complaint.

l) If the complainant has any personal interest in the matter, it must be disclosed at the outset in the complaint or separately as an attachment.

9. Process of Handling Reports:

1. The Chief of Internal Vigilance will personally open all the emails or postal 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.

2. If any complaint has been received by the Chairman of the Audit Committee of the Board, he may refer the same in strictest confidence to the Chief of Internal Vigilance, through the MD&CEO, for further action on the complaint and report.

3. As and when any compliant received under Protected Disclosure Scheme – Whistle Blower Policy, it should be immediately brought to the knowledge of MD&CEO.

4. The Chief of Internal Vigilance (CIV) will examine the complaints received under the Protected Disclosure Scheme and shall first conduct a discreet preliminary verification of the contents of the complaint. Either as a result of the discreet inquiry or on the basis of the complaint itself, if the CIV is of the opinion that the matter requires to be investigated further, he shall take the approval of the MD&CEO to conduct a detailed investigation.

5. A note containing the gist of the case, with the details of the whistle blower duly masked, shall be submitted to the Audit committee of the Board for discussion and deliberation in the next meeting.

6. The Chief of Internal Vigilance (CIV) shall ensure that the investigation is completed and reports were submitted within 45 days from the date of complaint.

7. The CIV shall then refer the complaint to the Disciplinary Action Cell or to the Inspection Department for conducting a detailed investigation. While so referring the complaint, the Chief of Internal Vigilance shall ensure that the name and all other identity details of the Whistle Blower are masked or removed from the complaint.

8. The DA Cell or the Inspection Department, as the case may be, shall, upon completion of the investigation, remit the report to the CIV for further action.

9. If the complaint received under the Policy does not have a vigilance angle, as defined under para 4 of this Policy, the CIV shall inform the complainant that the complaint does not meet the policy requirements and advise him to take up the complaint through the administrative channels of the Bank.

10. CIV will place an annual review to the Audit Committee of the Board and the Board of Directors, on the Reports received by the Bank under this Policy and the action

taken thereon. The whistle blower's identity and other details shall not be disclosed in the review note.

10. Protection Available to the Whistle Blower:

1. 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 in time.

2. Under no circumstances will the Whistle Blower be victimized or harassed by the Bank or any of its Officials on account of his having filed a Whistle Blower complaint. The complainant will be safeguarded against any adverse, personal, vindictive action.

3. If the Whistle Blower 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, he / she may file an application before the Managing Director & CEO seeking protection. Managing Director & CEO will take such action, as deemed fit.

4. In the event of the identity of the complainant under the Scheme being disclosed from within the Bank, the Managing Director & CEO may order initiating appropriate disciplinary action against the person(s) making or responsible for making such disclosure. Managing Director & CEO may also order such other action as deemed fit in the circumstances of the case, including steps to suitably compensate the complainant and order recovery thereof from the officials responsible for disclosure of information.

5. Protection under the Scheme would not include protection from disciplinary action arising out of false/ bogus/ malicious allegations made by the Whistle Blower.

11. Recognition:

The Bank will issue letter of appreciation signed by the Managing Director & CEO or consider other forms of recognition in case the complaint is proved genuine upon investigation. The manner and form of appreciation will depend on the magnitude of loss / damage detected / avoided. The recognition will not be made public, to protect the identity of the Whistle Blower at all times.

12. Penal provisions:

1. Any staff member who knowingly makes false / vexatious / frivolous / ill-motivated allegations under the Protected Disclosure Scheme will be subjected to disciplinary action.

2. Any staff member who is directly or indirectly responsible for disclosing the identity of the Whistle Blower will be subjected to disciplinary action. An opportunity of hearing will, however be given by the bank to the complainant before taking such action.

3. The decision on taking disciplinary proceedings against the concerned staff member shall vest with the Managing Director & CEO.

13. Dissemination:

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.

1. In order to percolate the importance of Whistle Blowing, Staff Training College shall cover this topic in the training sessions.

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

14. Responsibility of Board:

The Board of Directors of the Bank has the responsibility for proper implementation of this **"Protected Disclosure Scheme"** in the Bank. The Audit Committee of the Board is authorized by the Board to monitor and review the functioning of the scheme in the Bank on yearly basis. Vigilance Department is responsible for submitting a review report to Audit Committee of the Board on yearly basis.

15. Policy owner and Custodian:

The Chief of Internal Vigilance shall be responsible for the ownership of the Policy. Custody of the Policy shall be domiciled with the Internal Audit

16. Validity and Review of the Policy:

The Policy will be renewed annually and is valid from the date of approval of the Board. The policy is valid till the next review.

The Vigilance Department shall undertake the review of the policy before the Audit Committee of the Board and the Board of the Directors for approval. If any change to this policy is warranted consequent upon any changes in legislation or regulatory guidelines, such changes will be approved by MD & CEO for incorporation in the policy and placed before the Board in the ensuing meeting. MD & CEO will be authorized to issue the clarifications, if any, in respect of the functioning of the policy.

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