

Suryoday Small Finance Bank Limited

Whistle Blower Policy

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1. Introduction

Suryoday Small Finance Bank Limited (hereinafter referred to as “the **Bank**”) believes in conducting all affairs of its constituents in a fair and transparent manner by adopting the highest standards of honesty, professionalism, integrity, and ethical behaviour. The Bank is committed to developing a culture where it is safe for any person to raise concerns about any poor or unacceptable practice prevalent in the Bank or any event of misconduct in the course of business operations of the Bank. The Bank encourages an open and transparent system of working and dealings amongst the employees, customers and members of general public coming into contact with the Bank by adopting the highest standards, integrity and ethical behavior.

Section 177 read with Rule 7 of the Companies (Meetings of Board and its Powers), 2014 and Regulation 22 of Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter-alia, requires the Bank to establish a mechanism called “Vigil Mechanism (Whistle Blower Policy)” for directors and employees to report genuine concerns or grievances, providing adequate safeguards against victimisation of those who avail of such vigil mechanism and overseeing of such vigil mechanism by the Audit Committee.

Further, RBI Guidelines No: RBI/2006-2007/328 DO DBS.FrMC.No.BC.5/23.02.011/2006-07 dated April 18, 2007 on Introduction of 'Protected Disclosures Scheme for Private Sector and Foreign Banks' is the basic document for the Whistle Blower Policy of the bank.

RBI Master Directions RBI/DOS/2024-25/118 DOS.CO.FMG.SEC.No.5/23.04.001/2024-25 dated July 15, 2024 on “Fraud Risk Management in Commercial Banks” mandates Banks shall put in place a transparent mechanism to ensure that Whistle Blower complaints on possible fraud cases / suspicious activities in account(s) are examined and concluded appropriately under their Whistle Blower Policy.

The Policy has been prepared considering the prevailing regulatory/statutory guidelines. Any subsequent modifications to the regulatory/statutory guidelines shall be deemed to have been incorporated in the policy from the date they became effective, pending ratification by the Board.

The purpose of this Policy is to:

- a) provide a framework to promote responsible and secure whistle blowing with respect to any breach or violation of the Bank’s Code of Conduct on any matter.
- b) provide a mechanism for employees, directors, and relevant stakeholders to voice genuine concerns or grievances about unprofessional conduct without the fear of reprisal to the person raising the concern.
- c) promote professionalism and transparent practices by creating a framework to curb malpractices.
- d) ensure adherence to the highest standards of ethical, moral, and legal conduct of business operations.

This Policy has been formulated as part of corporate governance norms and transparency where employees, customers and other stakeholders of the Bank including Non-Governmental Organizations (NGOs) are encouraged to refer any complaint which has not been resolved or satisfactorily resolved within the usual applicable protocols.

It protects the Whistle Blower wishing to raise a concern about irregularities within the Bank. The Policy neither releases Whistle Blowers 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. Applicability

The Policy applies to all employees of the Bank working out of the Registered Office, Regional Offices and other centres/ branch banking outlets in India, Directors of the Bank, Customers of the Bank, NGOs, members of the public, shareholders, employees of other agencies deployed for the Bank's activities, whether working from any of the Bank's offices or any other location, contractors, vendors, suppliers or agencies (or any of their employees) including Advisors/ Consultants/ Trainees providing any material or service to the Bank and any other person having an association with the Bank.

A copy of the Policy shall be displayed at the Branches / Offices of the Bank at a prominent place inside the Bank's premises, where customers / general public frequently visits frequent as well as on the Bank's website and in the Board's report to the stakeholders through a link. Further, new joiner to the Bank shall be informed about the Policy by HR / Learning & Development Department during new joiner induction programs. It shall also be ensured that executives have ongoing awareness of the Whistle Blower policy, through periodical communications.

3. Definitions

1. **"Audit Committee of the Board" herein after referred to as "ACB"**: means the Committee constituted by the Board of Directors of the Bank in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other Laws, Rules, or Regulations, as applicable.
2. **"Board"** shall mean the Board of Directors of the Bank.
3. **"Code of Conduct of the Bank / the Code"** shall mean the Code of Conduct Applicable to Directors and Senior Management of the Bank, as may be amended from time to time.
4. **"Competent Authority"**: means the ACB. constituted/reconstituted in terms of applicable provisions as provided in Clause 3(1) of this Policy.
5. **"Stakeholders"**: shall mean (a) customers of the Bank; (b) non-governmental organizations; (c) employees of other agencies deployed for the Bank's activities, whether working from any of the Bank's offices or any other location; (d) contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Bank, (e) shareholders of the Bank; and (f) any other person having an association with the Bank.
6. **"Whistle Blower"**: means an employee, Director, customer, or any other stakeholder to whom this policy is applicable and who makes a Protected Disclosure under this Policy.
7. **"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 with respect to the Bank, and described more particularly in Para 4. Protected

Disclosures should be factual and not speculative in nature and must contain as much specific information as is possible to allow for a proper assessment of the concern.

8. **“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.
9. **“Disciplinary Action”**: means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, recovery of financial loss incurred by the Bank, imposition of fine, suspension/termination from official duties or any such action as is deemed to be fit considering the gravity of the matter.
10. **“Chief of Internal Vigilance” hereafter referred to as “CIV”**: means the CIV appointed by the Board of Directors of the Bank and who will receive Protected Disclosures from Whistle blowers, maintain record thereof, conduct investigation under this Policy, placing the same before the ACB for its disposal and informing the Whistle Blower the results thereof.
11. **“Employee”**: means employees of the Bank including the MD & CEO, Executive Director(s). For this purpose of this policy, the term employee shall also include the Advisors/ Consultants/ Trainees etc. engaged / appointed by the Bank.
12. **“Director”**: means a Director on the Board of Directors of the Bank, whether whole-time or otherwise.

4. Scope and coverage of the policy

This Policy covers all malpractices and events that have taken place or suspected to have taken place involving, but not limited to the following:

- Fraudulent activities or activities in which there is suspected fraud
- Irregularities in Financial Statements including fraud or suspected fraud
- Intentional or deliberate non-compliance and/or violation of law, rules, regulations, and policies
- Breach of applicable Code of Conduct
- Manipulation of Bank's data / records
- Misuse/ Abuse of authority
- Pilferation of confidential/propriety information
- Breach of contract
- Criminal offences having repercussions on the Bank or its reputation
- Misappropriation / misuse of Bank's funds/assets
- Graft
- Cases involving conflict of interest.
- Corruption and deception
- Any act that is detrimental to depositors' interest/public interest
- Any other inappropriate, unethical, biased, or imprudent action or conduct.
- Leak or suspected leak of Unpublished Price Sensitive Information (UPSI) as prescribed in Banks Prevention of Insider Trading Policy.
- Intentional or deliberate non-compliance with laws, regulations and policies
- Illegal activities
- Violation / Breach of Bank's internal rules / guidelines/ Processes, manipulations and negligence

- Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability.
- reporting and investigation of any deviations, unauthorized approvals, circumvention, or non-compliance relating to Related Party Transactions

However, the Policy does not cover:

- Protected Disclosures that are frivolous in nature.
- Issues relating to personal grievance (increment, promotion, etc.)
- Sexual harassment which is covered by the Policy on Prevention of Sexual Harassment.

Also, this Policy shall not be used in place of Bank's Grievance Procedure or be a route for raising malicious or unfounded allegations against colleagues.

5. Guiding Principles

A. As regards the role of the Whistle Blower:

- The role of the Whistle Blower is only that of a reporting party, citing the reasons / basis of such reporting under the provisions of this Policy.
- The Whistle Blower shall not act as Investigator at any time nor would she/he be entitled to prescribe remedial actions / penalties etc.
- The Whistle Blower is expected to provide sufficient evidence to establish a prima facie case for investigation when called for.
- While the Whistle Blower may be called upon to co-operate with the Bank's CIV or ACB on their specific request in the course of investigations, he/she cannot seek their audience as a matter of right.
- The Code of Conduct Applicable to Directors and Senior Management of the Bank, as referred in this Policy, is hosted on the Bank's website. All employees are required to adhere to the Code. Further, the Senior Management and other Designated Persons are required to submit Annual declarations of having read, understood and adhered to the provisions of the Code. The potential Whistleblowers are advised to go through the contents of this Policy as well as the Code carefully and exercise their rights judiciously.

B. As regards the Bank:

In order to ensure that this Policy is adhered to, and to assure that the concerns raised under this Policy will be acted upon seriously, the Bank will:

- Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized
- Ensure complete confidentiality of the identity of the Whistle Blower
- Not attempt to conceal evidence of the Protected Disclosure
- Take disciplinary action if anyone destroys or conceals evidence of the Protected Disclosure made/to be made
- Provide an opportunity of being heard to the persons involved, especially to the Subject
- Ensure disciplinary action is taken against person(s) found guilty pursuant to requisite investigation

- Treat victimization of Whistle Blower as a serious matter and initiate disciplinary action against person(s) causing or allowing victimization of Whistle Blower.

6. Governance Structure

The governance structure for Whistle Blower Mechanism shall be as under:

6.1. Chief of Internal Vigilance (CIV)

The CIV of the Bank shall act as a Special Advisor of the Bank in the discharge of the vigilance functions. The CIV shall report to the ACB on the vigilance activities, disciplinary cases and related investigation reports as well as aspects relating to the implementation of the Whistle Blower Policy.

The CIV shall also act as a liaison officer between the Bank and the investigators, if any, appointed to investigate into any matter.

The CIV shall collect intelligence about the corrupt practices committed, or likely to be committed, by the employees of the Bank; investigate or cause an investigation to be made into verifiable allegations reported to him; process investigation reports for further consideration of the Chairman of the ACB.

He may, at his discretion, report/ refer the matters to the MD of the Bank for advice wherever necessary, taking steps to prevent commission of improper practices/misconducts, etc.

6.2. Audit Committee of Board (ACB)

The ACB shall ascertain and ensure that the Bank has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

The ACB shall take note of the Protected Disclosures received by the Bank periodically.

The ACB shall also review the effectiveness of the vigil mechanism and implementation of the Whistle Blower Policy. The details of establishment of Vigil mechanism shall be disclosed by the Bank on the website and in the Board's report to the stakeholders.

7. Methodology of receipt and disposal of Whistle blowing complaints

7.1 Lodging of Protected Disclosures

- a) All Protected Disclosures should be addressed to the CIV either via email at vigilance@suryodaybank.com or by way of signed letter in a closed and secured envelope superscribed as "Protected Disclosure" at the following address:

The Chief of Internal Vigilance
Suryoday Small Finance Bank Limited
1101, Sharada Terrace, Sector 11,
CBD Belapur, Navi Mumbai 400614.

- b) Any Protected Disclosures against any Director(s) on the Board of the Bank (Executive/Non-Executive/Independent) or any of the Board Committee(s), shall be addressed to the Chairman of ACB either via email at chairman.acb@suryodaybank.com or by way of signed letter in a closed and secured envelope super-scribed as “Protected Disclosure- To be presented to the Chairman of ACB” at aforesaid address and the same shall be dealt with in the similar manner as mentioned in this Policy.
- c) The CIV shall issue acknowledgement (i.e. unique reference number) to the Whistle Blower by way of a Protected Disclosure number. The CIV shall ensure that if any further clarification is required, he will get in touch with the Whistle Blower.
- d) Whistle Blower must put his/her name and contact coordinates in the Protected Disclosure. Concerns expressed anonymously will not be considered unless the disclosures have adequate merit in the opinion of the Chief of Internal Vigilance. The Anonymous /Pseudonymous complaints do not constitute Protected Disclosures and the makers thereof are not entitled to the benefit of this Policy. Such anonymous/pseudonymous complaints shall normally be kept on file/ records and if at any subsequent stage the Whistle Blower comes forward identifying himself/ herself to be the initiator of the concerned anonymous/ pseudonymous complaint with sufficient proof, the Whistle Blower Committee shall, proceed to deal with the same as per process mentioned in this Policy.

However, any Anonymous/Pseudonymous complaint which raises serious or important concerns related to fraud or corruption/misuse of office to obtain personal benefit/pecuniary advantage for self or any other person or any other criminal activity/offence; received through prescribed manner having apparent / tangible and verifiable instances/evidence substantiating and corroborating the allegation(s); it may be referred to the Investigating Authority for dealing with it in line with applicable internal inquiry/investigation process which shall remain outside the purview of this Policy.

7.2. Contents of Protected Disclosures

While there is no prescribed format for making Protected Disclosures, with a view to avoiding ambiguity and eliciting actionable information in the course of investigations, every Protected Disclosure should, wherever possible, mention the nature of the alleged wrongdoing, date(s) and location of occurrence , basis for believing the action(s) to be incorrect or wrong, whether any evidence by way of documentation etc. is available to corroborate the allegations and in the event of availability of witnesses, the details of such witnesses be made available.

7.3. Recording of Protected Disclosures

- a) On receipt of a Protected Disclosure the CIV shall maintain and preserve records of the Protected Disclosure and also ascertain from the Whistle Blower whether he was the person who made the Protected Disclosure or not. The record will include:
 - i) Brief facts
 - ii) whether the same Protected Disclosure was raised previously on the same subject and if so, the outcome thereof
 - iii) Details of action taken by the CIV for processing the Protected Disclosure
 - iv) Findings / recommendations of the CIV /Chairman of the ACB /other action(s).

- v) The CIV may call for further information or particulars from the Whistle Blower.
- b) The CIV will report the details of the Protected Disclosure to the Chairman of the ACB .

7.4. Investigation and Report

- a) All Protected Disclosures reported under this Policy will be thoroughly investigated by the CIV of the Bank who will investigate / oversee the investigations and report his findings to the Chairman of the ACB.
- b) The Chairman of the ACB may at his/her discretion consider involving any investigators or investigating agency for the purpose of investigation.
- c) The decision to conduct an investigation into a Protected Disclosure by itself is not an acceptance of the accusation by the concerned authority. It is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation unless there are compelling reasons not to do so.
- d) Subject(s) will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- e) The Subject(s) shall have right to access any document/ information for their legitimate need to clarify/ defend themselves in the investigation proceedings.
- f) The Chief of Internal Vigilance/investigators/investigating agency, as the case may be, shall normally complete the investigation within 30 to 60 days of the receipt of Protected Disclosure, depending on the severity and the impact of the Protected Disclosure. The investigation procedure may include:
 - obtaining legal or expert view with respect to the Protected Disclosure
 - seeking further explanation from the Subject(s) or request for submissions from them
 - calling for any information / document/explanation from any employee of the Bank or any other person(s), including the Internal Auditor, as may be deemed appropriate for the purpose of conducting an investigation.
- g) the Subject(s) are expected to cooperate with the investigator and not interfere or obstruct with the investigation process.
- h) Based on a thorough examination of the findings, the CIV shall submit a report to the Chairman of the ACB on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

7.5. Conflict of interest

- a) Where there is a possibility of conflict of interest of the CIV in the course for investigation, the CIV shall hand over the details of the case to the Chairman of the Audit Committee who shall nominate such person(s) or constitute a special Committee of persons as he/she deems fit, to carry out the investigation.

- b) Where any investigating official or a member of the ACB has a conflict of interest in the matter, he/she shall recuse themselves and the remaining members may proceed to deal with the matter.

7.6. Decision

- a) If an investigation leads the CIV to conclude that an improper or unethical act has been committed, the CIV shall recommend to the Chairman of the ACB, such disciplinary or corrective action as he may deem fit.
- b) The Chairman of the ACB, after considering the recommendations, shall pass the Final Order as to disciplinary or corrective action to be initiated against the Subject(s).
- c) The discussions shall be documented and maintained by the Chief of Internal Vigilance.
- d) Where an investigation has been initiated by the Chairman of the ACB, and the conclusion purports that an improper or unethical act has been committed, the Chairman of the ACB shall recommend to the ACB, such disciplinary or corrective action as he/she may deem fit and the ACB, after considering the recommendations, shall pass the Final Order as to disciplinary or corrective action to be initiated against the Subject(s).
- e) However, 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 conduct and disciplinary procedures.
- f) A Whistle Blower who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the CIV or the ACB shall be subject to appropriate disciplinary action in accordance with the rules, procedures, and policies of the Bank.

7.7. Recourse available to the Whistle Blower

- a) in case there is no resolution within 90 days of acknowledgement of the Protected Disclosure, the Whistle Blower has the option to escalating the issue to the Executive Officer (ED) of the Bank.
- b) For complaints of exceptional nature, the Whistle Blower may directly approach the Chairman of the Audit Committee of the Board.
- c) If the resolution is not to the satisfaction of the Whistle Blower, he/she has the right to approach the Chairman of the Audit Committee.

8. Protection to Whistle Blowers

- 8.1 The Whistle Blower(s) under this Policy are entitled to adequate protection provided that Protected Disclosure is made in good faith and the Whistle Blower has reasonable information or documents in support thereof and no disclosures are made for personal gain or on account of animosity against the Subject(s). Every effort will be made to protect the identity of the Whistle Blower, subject to legal constraints except in cases where the Whistle Blower turns out to be vexatious or frivolous and action has to be initiated against the Whistle Blower.

8.2 The Bank, as a policy, condemns any kind of discrimination, harassment, victimization, or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will therefore be given to Whistle Blowers 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 Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure.

In case of witnesses named in the Protected Disclosure, the protection available to the Whistle Blower under this Policy shall be made available to the witnesses whether participating in the enquiry/investigation or not.

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

8.4 A Whistle Blower may report violation, if any, of the Protection available to him to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable Disciplinary action.

8.5 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted under the Company's Code of Conduct.

9. Secrecy/ Confidentiality

The Whistle Blower, the Subject, the Chief of Internal Vigilance and other investigators and everyone involved in the process shall:

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

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

10. Reporting

The CIV shall report the details of all Protected Disclosures, if any, to the ACB together with the results of investigations and an update on the actions taken by the management quarterly basis. Reports on complaints against Directors will be presented by the Chairperson ACB to the Board.

11. Record Keeping

All the documents and records as applicable will be maintained as per Policy on Preservation of Records

12. Policy Review and Updates

This Policy shall be reviewed by the ACB as and when required or at least annually (once in a financial year) for incorporating regulatory updates and changes, if any. Modifications, if any, recommended by the ACB shall be put up to the Board for approval.