

Chapter -VI

Whistle Blower Policy

VI.1 Introduction & Objective:

Consistent with its long term business strategy, the J&K Bank, a regulated entity, is committed to adopting of the highest possible standards of business governance, ethics, regulatory-compliance and related codes of conduct (including Code of Conduct for the Board Members and Senior Management Personnel, the Insider Trading Code, the Ethical Corporate Policy for Acceptance of Gifts, Fair Practice Code etc.) for carrying on its business in a transparent manner with the utmost integrity and accountability at all levels. The bank is also committed in its dealings with its all stake holders/ general public to a transparent business ethos & culture wherein it is safe & acceptable for all employees, directors and other specified stakeholders to voice/ raise their genuine concerns in good faith and in a responsible & effective manner, by providing a framework to promote responsible vigilance mechanism through a whistle blowing mechanism to safeguard the bank against internal/ external threats like frauds, bribery, corruption, abuse of authority, noncompliance to regulatory guidelines, non-adherence to extant systems & procedures involving financial and/ or reputational loss through the process of participative vigilance.

To further enhance the transparency in the organization by encouraging the employees/ directors/ other specified stakeholders to report any wrongdoing, which comes to their knowledge in the day-to-day performance of their duties or interaction with other fellow-colleagues/ bank staff without fear of retaliation, victimization and unfair-treatment, the Bank has formulated the "Whistle Blower Policy" to guarantee them protection from any adverse departmental proceedings. The Policy is compliant to regulatory requirements under Section 177 (9) of the Companies Act 2013, and Clause 49 of Equity Listing Agreement as amended by the Securities and Exchange Board of India vide its circular No. CIR/ CFD/ Policy Cell/2/2014 dated April 17, 2014.

It is also expected that this Policy will encourage Bank's employees, directors and other specified stakeholders, to bring to the notice of the management any issue involving compromise/ violation of ethical norms, legal or regulatory provisions, etc. which is in their knowledge, without any fear of retaliation against them. The policy neither releases directors and employees 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. The main intent of the policy is to ensure that Bank continues to strive to the highest possible standards of ethical, moral and legal Business Conduct and its commitment to open communications. However, a disciplinary action if any, taken against the Whistle Blower which has occurred on account of poor job performance or misconduct, the Whistle Blower shall not be protected under this policy. For the sake of absolute clarity, it is specified that the Whistle Blower Policy does not tantamount, in any manner, to dilution of the vigilance mechanism in Bank. Any Protected Disclosure made by a whistle blower under this policy, if perceived to have a vigilance angle, shall be referred to Chief of Internal Vigilance (CIV) of the Bank.

VI.2 Scope:

The policy is intended to help the Bank to fulfil its commitment with all stakeholders so that its dealings with them will stand for strong ethical principles of integrity and transparency. This objective can be obtained when all the stakeholders including employees contribute towards this policy by reporting the wrongdoings including issues/concerns as given under VI.2 (xi) which they may notice within the organization, without any fear/ reprisal/ retribution. The policy is primarily meant for preventing financial & reputational losses to Bank and all its stakeholders. No employee shall report his/ her personal grievance/s under the policy, as proper grievance Redressal Mechanisms for employees are already in place in the Bank. The disclosures made under this policy will be appropriately dealt with by the Bank, and shall be reported to the Audit Committee of the Board which will be the monitoring authority for the purpose of this policy. If any of the members of the Audit Committee of the Board shall have a conflict

of interest in a given case, he/she shall seclude himself/herself and other members of the Committee shall deal with the said matter.

VI.2 Definitions of Key Terms:

The definitions of some of the key terms used in this Policy are given hereunder. However, terms not defined herein shall have the meaning assigned to them under the relevant Code/service Rules.

- i. "Protected Disclosure" means any communication made in good faith or in overall interests of the Bank that discloses or demonstrates information that may evidence unethical or improper activity including issues/concerns as given under (xi) below.
- ii. "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.
- iii. "Whistle blower" as given above includes any person in employment of the Bank or director or any other person/entity that the Bank through its Audit Committee of Board may wish to extend this definition to; reporting a protected disclosure' under this Policy. It will also include a supplier, vendor, service provider who in good faith raises a genuine concern or report incidence of any activity by the bank or its employee or director that may constitute an event of concern as given under (k) below.
- iv. "Issues and/ or Concerns" will include events/ instances/ incidence of any one or more of the following/ other similar cases:-
 - a. Instances of corporate fraud;
 - b. unethical business conduct;
 - c. A violation of Central or State laws, rules, regulations and/ or any other regulatory or judicial directives;
 - d. Any unlawful act: whether criminal or civil;
 - e. Malpractices;
 - f. Serious irregularities;
 - g. Impropriety, abuse or wrong doing;
 - h. Deliberate breach and non-compliance with bank's policies;
 - i. Suspected/committed criminal offence;
 - j. Non adherence of KYC/ AML guidelines & related issues;
 - k. Bank funds used in an unauthorized manner;
 - l. Sexual or physical abuse of a service recipient, service provider, etc.
 - m. Discrimination against a service recipient, service provider, etc. on grounds of sex, caste, religion or disability;
 - n. Any action/s which endanger the health or safety of employees, customer, general public etc.
 - o. Concealment of any information which is detrimental to the interests of the Bank.
 - p. Actions which may endanger financial position and/or reputation of the Bank and any of its stakeholders;
 - q. Questionable accounting/ audit matters, financial malpractices; and
 - r. Any other form of improper action or conduct.

VI.3 False or Bogus Allegations / Disclosures with mala fide intention:

It shall be ensured that genuine whistle blowers are accorded complete protection from any kind of unfair treatment or adverse departmental proceedings. However, any abuse of this protection will warrant suitable action including reprimand. The protection under this policy shall not mean protection from disciplinary action arising out of false or bogus allegations made by a whistle blower knowing it to be false or bogus or with a malafide intention.

VI.4 Whistle Blower's Role:

- i. The whistle-blower's role is that of a reliable information reporter. He/she is not required or expected to act as investigator or fact finder, nor shall he/she determine the appropriate corrective or remedial action that may be warranted in a given case.

- ii. The whistle blower shall not act on his/ her/ its own, in conducting any investigative activities, nor does he/ she/ it have a right to participate in any investigation other than as may be required by the Investigator/ Designated Authority or the Audit Committee of the Board.

VI.5 Procedure for Reporting:

The detailed procedure for lodging of complaint under Whistle Blower Policy is given under:-

VI.5.1 Lodging of off-line complaint (i.e. in physical format):

- i. The complaint must be in a closed / sealed envelope.
- ii. The envelope should be addressed to the Chief of Internal Vigilance/ Chairman Audit Committee of Board, as the case may be, with superscripted words "Complaint under Whistle Blower Policy". If the envelop is not super scribed-&-closed/ sealed as above, it will not be possible for the Chief of Internal Vigilance/ Chairman of Audit Committee of the Board to protect the identity of the complainant and the complaint will be dealt with as per the normal complaint handling policy of the bank.
- iii. The complainant should give his / her name & address in the beginning or at the end of the complaint or in separately attached letter.
- iv. The Chief of Internal Vigilance / Chairman of the Audit Committee of the Board will not normally entertain any anonymous / pseudonymous complaint under this Policy. Any anonymous / pseudonymous complaints will be routed through the Customer Care/ S&C/ Vigilance Departments of Corporate Headquarters, as the case may be as a normal complaint & will be dealt with by those departments as per their extant/ applicable guidelines.
- v. The text of the complaint should be carefully drafted, specific and verifiable.
- vi. To protect the identity of the complainant, the Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board will not issue any acknowledgement and the whistle blowers advisably shall not enter into any further correspondence with the Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board in this respect or in their own interest. The Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board shall ensure that subject to the facts of the case being verifiable, necessary action will be taken on the complaint as provided in this policy and/or as per other extant guidelines of the bank.
- vii. If any further clarification is needed, the Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board will get in touch with the complainant.
- viii. All protected disclosures concerning financial/ accounting matters should be addressed to the Chairman of the Audit Committee of the Bank;
- ix. In respect of all other protected disclosures not relating to financial/accounting matters inculpatng Vice Presidents and above should also be addressed to the Chairman of the Audit Committee of the Bank and those inculpatng other employees should be addressed to the Chief of Internal Vigilance of the Bank who will be reporting to the Audit Committee.
- x. The contact details of the Chairman of the Audit Committee and the Chief of Internal Vigilance of the Bank are, as under:

The Chairman Audit Committee of Board, Board Secretariat, CHQs M. A. Road Srinagar.	Chief of Internal Vigilance, Vigilance Department, CHQs M. A. Road Srinagar.
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- xi. The protected disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to facilitate proper assessment of the matter and the urgency for investigation.
- xii. The whistle blower should furnish a brief note covering the pertinent details about the matter that he/she wishes to report. This note may, inter_alia, cover the following aspects to the extent possible:-
 - a. Wrongdoing to be reported.
 - b. Name/s with particulars of wrongdoer/s.
 - c. Date of occurrence.
 - d. Specific location where the wrongdoing occurred.

- e. How the alleged wrong doer committed the alleged wrongdoing (if conversant with the modus operandi)?
- f. Why the whistleblower believes the activity to be improper?
- g. Names of the witnesses (if any) to the alleged wrongdoing.
- h. Documentary evidence, if any, to be attached.

However, the whistle blower should not here mention his name or any other particulars that may disclose his/ her identity from the contents of the complaint.

VI.5.2 Lodging of online complaint on J&K Bank Intranet/ Internet Portals (already available).

The bank has set-up "Whistle Blower" module on J&K Bank internet/ intranet portals to facilitate lodging of online complaints under Whistle Blower category to Chairman ACB/ CIV, as the case may be. The access rights to view the on-line complaints under Whistle Blower category will be restricted to the designated authorities i.e. Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board / the authorized official expressly authorized in this regard by Chairman ACB/ CIV to be called the Authorized Person. The Authorized Person in this regard shall not be below the rank of Vice-President in the Vigilance Department. This will ensure protecting the identity of the complainant as also confidentiality of the contents since there will not be any intervention/ handling by a third person during the transit-phase.

VI.6 Role of the Chief of Internal Vigilance (CIV) / Chairman of the Audit Committee of the Board:

- i. The Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board will be designated authorities to receive complaints made by any officials/ employees / directors / specified third parties of the bank including the subsidiaries / affiliates/ sponsored bank.
- ii. The Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board, as the designated authorities, will ascertain from the Whistle blower whether he/ she/ it has made the disclosure/ complaint. If the complaint is anonymous / pseudonymous, the authority shall not take any action in the matter under Whistle Blower Policy but may, if deemed fit, refer the complaint to the concerned department (Customer Care Division, S&C or Vigilance Departments of Corporate Headquarters) as per apparent contents/ escalated-issues of the complaint.
- iii. The identity of the complaint will not be revealed unless the complainant himself has made either the details of the complaint public or disclosed his identity to any other officer or authority.
- iv. If the allegations made in the complaint referred to the Chairman of Audit Committee of Board are specific and verifiable then he/ she (Chairman of Audit Committee of Board) may refer the same to the CIV for further action. As regards the complaint made to the Chief of Internal Vigilance where the allegations are specific and verifiable, he/ she will take further action in the matter. Further action in this context shall include ordering an investigation/ inquiry into the complaint and obtaining all the relevant papers/ documents in respect of the matter raised in the complaint. While calling for preliminary inquiry/ investigation report, the Chairman ACB/ CIV will not disclose the identity of the complainant. The Chairman ACB/ CIV will also advise the authority/ies from whom the report is sought to keep the identity of the complainant secret/ confidential, if for any reason, the said authority comes to know about the identity of the complainant. In case the identity of the complainant gets disclosed despite directions of the Chairman ACB/ CIV, such appropriate action as deemed fit by the Chairman ACB/ CIV will be taken against the person responsible for that disclosure.
- v. If any whistle blower is aggrieved of any action on the ground that he/ she/ it is being victimized due to the fact that he/ she/ it had filed the complaint, he/ she/ it may file an application before the Chief of Internal Vigilance/ Chairman of Audit Committee of the Board seeking redressal in the matter. Chief of Internal Vigilance / Chairman of Audit Committee of the Board will ensure that no punitive action is taken by any concerned authority against that person on perceived reasons of being a whistle blower.
- vi. In case the Chairman ACB/ CIV finds the complaint to be motivated or vexatious, he/ she may recommend initiation of action against such complainant as per extant rules.
- vii. After conducting investigation, if it is revealed that there was misuse of office and/or contents & substance in the allegation/s are found correct, the Chairman ACB/ CIV shall recommend appropriate

action which shall inter-alia include:

- a. Appropriate proceedings against the concerned staff member/director;
 - b. Recommending to appropriate authority for initiation of criminal proceedings in suitable cases, if warranted, by facts & circumstances of the case; and
 - c. Recommend corrective measures to prevent recurrence of such events in future.
- viii. In case a complaint results in detection of unethical practices/ abuse of authority/ official position, fraud and other wrong actions and thereby averts or minimizes the financial and/or reputational loss to the bank, the moral courage shown by the Whistle Blower in staff will be recognized by the bank by way of appropriate incentive/ benefit. For this purpose, the Chairman ACB/ CIV may recommend that such genuine informants are given due weightage in career growth and placements as may be considered fit by the Human Resource (HR) vertical of the bank. A confidential dossier will be maintained personally by the Chairman ACB/ CIV for this purpose. The Chairman ACB/ CIV will ensure full protection against disclosure of identity of the Whistle Blower.
- ix. To take suitable action and to avoid inordinate delay due to limited meetings of the Audit Committee of the Board, the ACB may appoint an Administrator to oversee/ monitor whistle blowing mechanism and allow/ authorize him for taking necessary action under the covenants of this policy document. Whether a complaint has been raised through online/ off-line mode, the Administrator if appointed shall get it probed normally within 15 days and submit a compliance report, only in those cases where some mala fide have been established/ proved, to the Committee in the ensuing meeting.

VI.7 Investigation:

Once a concern has been raised/ reported and ordered to be investigated by the Chairman ACB/ CIV, the Authorized Person shall take the following steps:-

- i. obtain full details & clarifications about the issue/concern;
 - ii. recommend investigation of the same by the bank's internal auditors or any other investigation agency or person, internal or external including the police;
 - iii. Fully investigate into the allegation with the assistance where appropriate of other individuals/ bodies;
 - iv. Refer the issue/concern to the Disciplinary Authority for initiation of disciplinary action under rules.
- VI.7.1 All the protected disclosures reported under this policy, if warranted, shall be got thoroughly investigated in a manner deemed appropriate by the Chief of Internal Vigilance/ Chairman of the Audit Committee of the Board. They shall oversee the investigation under the supervision of Audit Committee of Board. If any member of the Audit Committee has a conflict of interest in any given case, then he/she shall seclude himself/herself and the other members of the Audit Committee shall deal with the said matter.
- VI.7.2 The decision to conduct an investigation taken by the Chief of Internal Vigilance/ Chairman of the Audit Committee would by itself not constitute culpability or guilt of the subject and is to be treated merely as a neutral factfinding process.
- VI.7.3 The investigation will be initiated only if prima-facie it appears that the alleged act reported constitutes an improper or unethical activity or conduct and is supported by required information. However, the investigation itself shall not be undertaken with a preoccupied mind that it relates to improper or unethical activity.
- VI.7.4 The identity of a subject will be kept confidential to the extent possible subject to legal and investigation constraints.
- VI.7.5 The subject/s may be informed about the allegations after a formal investigation for his/ their involvement in the fact finding process. If informed, the subject/s' shall have a duty to cooperate with the CIV / Chairman of the Audit Committee or any of the Investigator/s during investigation, so long as such cooperation does not compromise the self-incrimination protections available under the applicable laws.
- VI.7.6 The subject shall have a right to counter the allegations during/ after investigation. If the opportunity is provided by the investigator, he/she shall not try to deter or unduly influence the

investigation process. He/she shall neither destroy, tamper or withhold the evidence nor resort to influence, coercion or intimidation.

VI.7.7 The subject will be given the opportunity to respond to material findings of investigation, unless there is no reason there for. No allegation of wrongdoing against a subject shall be maintainable, unless it is substantiated with evidence during investigation.

VI.7.8 The investigation shall be completed normally within 15 days of the receipt of the protected disclosure:

- i. All concerns/ Issues investigated under this policy and all information obtained during the course of investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action in accordance with applicable laws/ bank policies.
- ii. While investigating the concern raised by the Whistle Blower, the bank may or may not be able to inform such Whistle Blower the precise action/ findings of such investigation. The bank, however, will take all steps to remove the difficulty/ anxiety of the Whistle Blower, which he may experience as a result of raising/ reporting such concern. If the whistle blower is required to give evidence in criminal or disciplinary proceedings, the bank will arrange for the whistle blower appropriate legal advice about the process and procedure to be followed in this regard. Direct access to the Chairman of the Audit Committee of the Board will be provided to Whistle blower, should the Whistle Blower so require, in appropriate cases.

VI.8 Disciplinary Action:

Audit Committee shall oversee that appropriate disciplinary actions are taken as per the extant guidelines/ policies of the bank in an event the complaint is found based on the facts.

VI.8.1 Untrue Concerns, Mala fide versus Bona fide Ones:

If a Whistle Blower reports/ raises a concern in good faith, which is not confirmed by subsequent investigation, no action will be taken against him (the Whistle Blower). In making a disclosure, the Whistle Blower shall exercise due care to ensure the accuracy of the information. In case of repeated frivolous complaints being filed by an employee or director (if he/ she chooses to disclose his/ her name), the Audit Committee may take suitable action against the employee or director for such mala fide intentions/disclosures including reprimand and/ or other disciplinary action as deemed fit. However, in case of third party mala fide reporting, criminal action may be taken on case-to-case basis and/ or in exceptional cases and at the sole discretion of the CMD/ CEO of the Bank in case issues like reputational/ business losses of the Bank or where its staff is involved.

VI.8.2 Discrimination:

The bank strictly prohibits discrimination, retaliation or harassment of any kind against a Whistle Blower who based on his reasonable belief that such conduct or practices have occurred or are occurring, report that information. If a Whistle Blower believes that he/ she has been subjected to discrimination, retaliation or harassment for having reported Concern under this policy, he/ she must report such fact to any member of the Audit Committee. It is imperative that the Whistle Blowers bring such matters to the attention promptly so that any concern of discrimination, retaliation, or harassment can be investigated and addressed promptly & appropriately by Audit Committee of the Board.

VI.8.3 Confidentiality:

The Whistle Blower, members of Audit Committee or CIV or the Administrator or investigation person or persons who will be investigating or deciding on the investigation shall not make public the issue/ concern disclosed. Further, the identity of the whistle blower shall be kept confidential, unless legally required to be disclosed during investigation/s or after investigation/s are carried out.

VI.9 Protection & Redressal in case of Unfair Treatment of Whistle-blower:

There shall be no unfair treatment against the whistle blower for having reported a protected disclosure

in good faith or in overall interests of the Bank under this policy. The Bank, as a policy, condemns any discrimination, harassment, victimization or any other unfair employment practice against whistle blowers. Therefore, complete protection shall 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 any direct or indirect use of authority to obstruct their right to continue, to perform their duties/ functions including, making further protected disclosures. If the evidence of whistle bower, in criminal or disciplinary proceedings is mandatory, the Bank will provide the necessary advice to him/ her, if any, required. The Bank shall also reimburse the expenses to the whistle bower, if any, incurred by him during this process.

Any other employee or director assisting in the said investigation shall also be protected to the same extent as the whistle bower.

VI.10 Investigators to be Impartial:

The investigators shall conduct a thorough and impartial investigation in the matter. They may obtain technical or any other support, if required, during investigation.

VI.11 Decision:

If an investigation leads the Chief of Internal Vigilance/ Chairman of the Audit Committee, to conclude that an improper or unethical act has been committed, they shall recommend appropriate action against the subject/s to the management of the Bank. However, any disciplinary or corrective action initiated against the subject shall be as per extant service rules, applicable to him/her. In case of the subject, being a director, Chairman of the Audit Committee the case is to be referred to the CVO of the Ministry of Financial Services for appropriated action against such "subject".

VI.12 Reporting to Audit Committee on Half-yearly Basis:

The Chief of Internal Vigilance shall submit a report to the Audit Committee on half yearly basis about all protected disclosures' referred to him/ her since the last report together with the results of investigation, if any.

VI.13 Retention of Documents:

All protected disclosures' in writing or documented along with the findings of investigation relating thereto shall be retained by the Bank for a minimum period of seven years.

VI.14 Amendments:

The Bank reserves its right to amend or modify this Policy in whole or in part, at any time, however no such amendment or modification will be binding on its employees/ directors and specified third party stakeholders unless the same is properly notified.

VI.15 Rewards for Whistle Blower:

The management may at its sole discretion, consider rewarding the whistleblower (either by way appreciation/ acknowledgements or any other non-monetary/ monetary means) on case-to-case basis keeping in view the nature of the issue/s escalated.