POLICY ON WHISTLE BLOWER -2025-26

OF

THE KARNATAKA BANK LIMITED

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VIGILANCE DEPARTMENT

POLICY ON WHISTLE BLOWER -2025-26

1. PREAMBLE

1.1 Bank fraud refers to the illegal act of financial crimes perpetrated against both the Bank and its customers. The Bank has been witnessing increasing frauds in the recent times. A few of the frauds were either committed by staff members directly or in collusion with the outsiders. Staff members in the branch where such frauds have been perpetrated were either benefited by the largesse offered by the perpetrators or most of them were silent spectators and were reluctant to report for fear of being victimized or their identity not being kept secret. Some of them were not even aware that there is a need for reporting such matters to higher authorities. Peer pressure, fear of harassment and the brandished or pretended connections of the insider-fraudster with the top management of the Bank or sheer ignorance were reasons for the irregularities not getting reported.

1.2 A system for reporting suspected activities, illegal or unethical practices, actual or suspected fraud or violations of Bank's Code of Conduct to a Designated Official in a confidential manner is intended to be put in place to encourage reporting without any fear. In this context and based on broad policy frame work provided under the 'Protected Disclosure Scheme' of the Reserve Bank of India communicated under DO.DBS.Fr.Mc.No.BC.5/23.02.11/2006-07 dated 18.04.2007, as well as the requirements under Clause 49 of the Equity Listing Agreement (amended to align with the provisions of The Companies Act, 2013) notified by the Securities and Exchange Board of India (SEBI) this **WHISTLE BLOWER POLICY** of the Bank is put in place.

1.3 The Policy is intended to promote participation of employees at all levels in prevention and detection of corruption and fraud. The Scheme of disclosure laid out in this policy is named as **'Protected Disclosure Scheme'** (hereinafter referred to as 'the Scheme') of the Bank. The terms 'complainant' and 'complaint' in this document are intended to mean 'informer' and 'information' also. The pronouns 'he', him', 'his' and 'himself' are used in a gender-neutral' manner.

2. MANAGEMENT COMMITMENT

2.1 The Bank is committed to the highest standards of ethics and integrity and believes in conducting its operations in a fair and transparent manner. The Bank encourages an open culture in all its dealings between Staff, Managers, Customers and all people with whom it comes into contact. The Board of Directors (Board) and the Senior Management of the Bank are committed to maintenance of highest standards of professionalism, honesty, integrity and accountability and for promoting and maintaining an Organisational Culture that adheres to these values, in line with the Bank's Mission Statement. It is the collective responsibility of every employee of the Bank to adopt and percolate this culture.

3. OBJECTIVE

3.1 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 subject. Following ethical practices, besides compliance with laws and regulations instils confidence in its employees, customers and others who conduct business with the Bank.

3.2 The objective of the Policy is to identify any untoward events at the initial stage itself and to take corrective measures to avoid/ limit the damage. The Policy aims at spotting aberrations and dealing with it 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, etc. in the interest of the Bank to maintain its public image and reputation.

4. CUSTODIAN OF THE POLICY

4.1 The Chief of Internal Vigilance (CIV) will be the Designated Officer to receive complaints under the Scheme and the custodian of the Policy.

5. REVIEW OF THE POLICY

5.1 The policy shall be reviewed based on further regulatory guidelines and operational experience. Managing Director is empowered to approve changes/ modifications/ amendments/ relaxations / exemptions, if any, required to be made in the Policy. Such approvals are to be reported to the Board.

6. WHISTLE BLOWER

6.1 A Director, stakeholder, employee or his representative body making a disclosure, about an improper practice or an untoward event under this policy is commonly referred to as a Whistle Blower. The whistle Blower's role is that of a reporting party. He is not an investigator or fact finder nor does he determine the appropriate corrective or remedial action.

7. RIGHTS & RESPONSIBILITIES OF WHISTLE BLOWER

7.1 Whistle Blower should lodge the reports/ complaint in an envelope or through email to pds@ktkbank.com as described in Para 9 of the Policy in confidence and facilitate conduct of a competent investigation.

7.2 The envelope addressed to CIV under the scheme shall be opened only by CIV. If any other employee opens the envelope, such lapses would be viewed seriously.

7.3 Confidentiality of whistle blowers shall be maintained. The CIV shall keep the identity of the complainant (whistle blower) secret except in the following cases:

a) The complaint turns out to be vexatious, frivolous or ill-motivated and action has to be initiated against the complainant;

b) The complainant himself has made the details of the complaint public;

c) Under compulsions of law.

7.4 All employees of the Bank have a duty to co-operate with the investigations initiated under the policy.

7.5 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.

7.6 A Whistle Blower will have right to get protection from retaliation. But, this does not extend immunity to him in respect of the matters that are the subject of the allegations or an ensuing investigation provided he is involved.

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

7.8 The letter/ complaint indicating the allegations shall not form a part of management's evidence to be adduced in a domestic enquiry, if any, to be initiated against any staff member in a disciplinary action.

7.9 The Whistle-blower 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.

7.10 A Director or an employee who avail the mechanism may directly represent to the Chairman of the Audit Committee of the Board in exceptional cases.

8. SCOPE

8.1 The complaints/ disclosures under the Scheme would cover the areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, 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; resulting in financial loss/ operational risk, loss of reputation, etc. Examples of irregularities covered in the Scheme are; but not restricted to;

(a) Demanding and/or accepting gratification - other than legal remuneration - in respect of an official act, or for using his influence with any other official.

(b) Obtaining valuable thing, without consideration or with inadequate consideration from a person with whom he has, or is likely to have, official dealings or his subordinates have official dealings or where he can exert influence.

(c) Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as an employee.

(d) Abnormal/ suspicious transactions in his / dependents' accounts and / or possession of assets disproportionate to his declared sources of income and lifestyles not in line with the known sources of income.

(e) Cases of misappropriation, forgery/ cheating or other similar criminal offences.

(f) gross or wilful 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.

8.2 The Policy covers employees of the Bank at all levels.

9. PROCEDURE FOR LODGING COMPLAINTS UNDER THE SCHEME

9.1 The complaint should be sent in a closed / secured envelope super-scribed "*Under Protected Disclosures Scheme*" and addressed to the Chief of Internal Vigilance, Karnataka Bank Ltd., Head Office, Mahaveera Circle, Pumpwell, Mangaluru – 575 002. The Whistle blower shall not write the 'from' address on the envelope. The complaint can also be sent by email to pds@ktkbank.com, if the complainant so wish to.

9.2 The whistle blower should give his name, staff no., designation, department / office / branch, etc. and address for communication in the beginning or at the end of the complaint or in an attached letter.

9.3 The Whistle Blower should ensure that the issue raised by him involves dishonest action/ practice detrimental to the interest of the Bank/ its customers/ shareholders/employees/ public at large. He should study all the relevant facts and understand the significance of the matter and thereafter having satisfied of the misdeed or wrongful act make the complaint.

9.4 The text of the complaint should be carefully drafted so as not to give any details or clue to complainant's identity. The details of the complaint should be specific and verifiable.

9.5 The Whistle-blower shall, together with the intimation/ complaint, furnish material if any, which may substantiate his suspicion. The Bank, however, does not expect the complainant to investigate or prove the issue raised by him, in so far as the issues are raised in good faith and without malice.

9.6 In order to keep confidentiality of the identity, no acknowledgement will be issued to the Complainant on receipt of the complaint.

9.7 Anonymous / pseudonymous complaints will not be entertained.

10. MAINTENANCE OF RECORDS

10.1 The CIV will maintain a register of complaints received under the Scheme after assigning a serial number to the complaint to record the date of receipt, action taken and date of disposal etc. The complaint shall be brought to the notice of the Managing Director & Chief Executive Officer and Executive Director immediately on receipt.

10.2 Complaints under the Scheme, if addressed to and received by any department/ official other than the CIV, the said sealed cover shall be forwarded to the CIV with a covering letter marked 'Confidential - Complaint under Protected Disclosure Scheme'.

11. PROCEDURE FOR ENQUIRY

11.1 The CIV on receipt of the complaint will examine the same and decide on the steps to be initiated and investigation.

11.2 The complainants are advised not enter into any further correspondence with the Bank in their own interest to protect their identity. The Bank assures that subject to the facts of the case being verifiable, it would take necessary action, as provided under the Scheme. The Bank will be at liberty to get in touch with the complainant at the address / phone number / e-mail ID given in the complaint for gathering further information.

11.3 The Bank may initiate criminal proceedings against the accused if warranted, and consider initiating any other action that it deems fit keeping in view the facts and circumstances of the cases.

11.4 Investigation of Whistle Blower complaints should be completed within 60 days from the date of reference.

11.5 The findings of the investigation shall be forwarded to the concerned Departments/ Offices for taking measures to prevent recurrence of such events.

11.6 Upon investigation, if the Bank is of the opinion that the allegations are substantiated, the Bank shall take appropriate action against the concerned officer/ employee. These shall, *inter-alia*, include the following:

a) Disciplinary action against the concerned officer/ employee.

b) Appropriate administrative steps for recovery of the loss, if any, caused to the Bank including fixing of staff accountability

12. PROTECTION AVAILABLE TO THE WHISTLE BLOWER

12.1 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.

12.2 Under no circumstances a genuine complainant will be victimised or harassed by the Bank or any of its Officials. They will be safeguarded from any adverse, personal, vindictive action.

12.3 If any person is aggrieved by any action of the Bank or its Officials on the ground that he is victimized due to filing of the complaint or disclosure, he may file an application before the Managing Director & CEO seeking protection. Managing Director & CEO will take such action, as deemed fit.

12.4 In the event of the identity of the complainant under the Scheme being disclosed, the Managing Director & CEO will be referring for appropriate disciplinary action against the person(s) making such disclosure. Managing Director & CEO may also direct such person(s) to suitably compensate the complainant.

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

13. RECOGNITION

13.1 The Bank will issue letters of appreciation signed by CIV or consider other forms for recognising the effort in case of genuine complaint proved subsequently on investigation, depending on the magnitude of the loss/damage detected/avoided. The recognition will not be made public.

14. PUNISHMENT

14.1 Any staff member who knowingly makes false/vexatious/ frivolous/ ill-motivated allegations to the designated authority shall be subject to disciplinary action. An opportunity of hearing will however be given by the Bank to the complainant before taking such action.

14.2 However, the decision on reference to disciplinary proceedings shall vest with the MD & CEO.

15. DISSEMINATION

15.1 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.

15.2 In order to percolate the importance of Whistle Blowing, Staff Training College shall take up this as an input in the training sessions.

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

16. BOARD OVERSIGHT

16.1 The Board of Directors has the responsibility for proper implementation of the Scheme under Whistle Blower Policy in the Bank. The Special Committee of the Board shall review the functioning of the scheme and complaints received on a quarterly basis.

16.2 The Whistle Blower Policy of the Bank will be reviewed by the Board annually.

16.3 The Bank reserves its right to amend and/ or modify the Scheme in whole or in part, at any point in time followed by intimation to the staff members through circular.

17. OTHERS

The system evolved herein shall be in addition to any of the existing Grievances Redressal Mechanism in place as well as the Protected Disclosures Scheme for Private Sector and Foreign Banks by the Reserve Bank of India.

18. EFFECT OF REGULATORY AMENDMENTS PRIOR TO ANNUAL REVIEW:

To the extent any change / amendment is required in the Policy in terms of any change in the applicable law or regulations, the amended law or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law or regulations. Such amended policy shall be placed before the Board for noting and for necessary ratification.

19. PERIODICITY AND AUTHORITY FOR REVIEW OF POLICY:

This policy may be reviewed by the Board on annual basis or at such interval as may be deemed necessary by the Audit Committee of the Board /Board having regard to the regulatory changes, prudence and operational requirements.

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