

Protected Disclosure Scheme (PDS) / Whistle Blower Policy

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VIGILANCE DEPARTMENT

Record of last 5 policy reviews

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Protected Disclosure Scheme (PDS) / Whistle Blower Policy

1. Preamble

The Federal Bank Limited (“Bank”) is committed to upholding the highest standards of integrity, transparency, and accountability in all its operations. In alignment with regulatory expectations from the Reserve Bank of India, SEBI, and in keeping with global best practices, the Bank has instituted this Protected Disclosure Scheme (PDS) as a structured vigil mechanism. This policy empowers employees, stakeholders, and members of the public to report concerns related to fraud, suspected fraud, misuse of office, etc. in a secure and confidential manner. This initiative reflects the Bank’s proactive approach to strengthening governance and public trust and complements broader national efforts to institutionalize whistle blower protections.

1.1. Policy Background

As a proactive measure for strengthening financial stability and with a view to enhancing public confidence in the robustness of the financial sector, RBI has formulated a scheme called "Protected Disclosures Scheme for Private Sector and Foreign Banks" vide circular RBI/2006-2007/328 DO DBS.FrMC No.BC 5/ 23.02.011/2006-2007 dated 18.04.2007. This document is aiming at putting in place a vigil mechanism based on the following statute/ guidelines.

- a. RBI circular RBI/2006-2007/328 DO DBS.FrMC No.BC 5/ 23.02.011/2006-2007 dated 18.04.2007 on "Protected Disclosures Scheme for Private Sector and Foreign Banks"
- b. RBI Master Directions on Fraud Risk Management [vide circular No. DOS.CO.FMG.SEC. No.5/23.04.001/2024-25, dated 15.07.2024.]
- c. The Companies Act, 2013
- d. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- e. SEBI (Prohibition of Insider Trading) Regulations, 2015

This “whistle blower policy” of the Bank will be named “Protected Disclosure Scheme (PDS)” as suggested by Reserve Bank of India.

2. Objective

The policy aims at establishing an efficient vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. It will be disseminated among the employees, stakeholders and the public, assuring confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment, or any other form of unfair treatment.

3. Scope and coverage

The complaints/disclosures under this Scheme shall cover, but are not limited to, the following areas:

1. Corruption, bribery, or misuse of office or authority.
2. Criminal offences, suspected or actual fraud, forgery, or misappropriation of funds or assets;
3. Failure to comply with existing rules, regulations, and laws applicable to the Bank, including but not limited to the Reserve Bank of India Act, 1934, Banking Regulation Act,

1949, SEBI Act, 1992, Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

4. Leakage or suspected leakage of Unpublished Price Sensitive Information (UPSI) in violation of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Bank's internal policies;
5. Willful data breach, unauthorized disclosure, or misuse of the Bank's proprietary or customer data, or any other data privacy violations;
6. Cybersecurity incidents, including unauthorized access, hacking, data theft, or any act that compromises the security and integrity of the Bank's information systems;
7. Any act or omission that results in financial loss, operational risk, reputational damage, or regulatory risk, detrimental to the interests of the Bank, its depositors, shareholders, customers, employees, or the public.
8. Non-adherence to the Bank's Code of Conduct, ethics policies, or any other internal policies and procedures;

Complaints relating to sub-judice matters, personal grievances (such as appraisals, compensation, promotion, or workplace behavioral issues), sexual harassment (which is covered under the POSH Act and the Bank's POSH policy), or customer service matters shall be addressed through separate internal mechanisms and are not covered under this Policy, to the extent that the specified matters do not fall under the ambit of any of the issues listed under items 1 to 8 above.

4. The Scheme

- 4.1 Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints/disclosures under this scheme.
- 4.2 Anonymous / pseudonymous complaints/disclosures will not be entertained.
- 4.3 The Bank will keep the identity of the complainant / customer / other person (whistle blower) secret, except in the following cases:
 - I. The complaint turns out to be vexatious or frivolous and action has to be initiated against the complainant.
 - II. The complainant himself / herself has made the details of the complaint public.
 - III. Under compulsions of law
- 4.4 The Bank will be at liberty to take action against the complainants in cases where motivated / vexatious complaints are made under the scheme, by using its own mechanism / the law enforcing agencies as the Bank deems fit.
- 4.5 The Bank will conduct an enquiry / investigation, and the complainant will be informed of the action taken within a period of two months. The complainant will be informed even in cases where it is revealed through enquiry/ investigation that the complaint is without substance.
- 4.6 Under no circumstances, a genuine complainant will be victimized by the Bank. They will be safeguarded from any adverse personnel vindictive action.

- 4.7 The Bank may issue letters of appreciation signed by Managing Director & CEO or consider other forms of recognizing the effort in case of genuine complaint/s proved subsequently on investigation, depending on the magnitude of the loss/damage detected/avoided.

5. Procedure for lodging complaints under the scheme

- 5.1 The Head of Vigilance Department in the Bank will be the nodal officer to receive complaints under the scheme. In exceptional cases involving complaints against the MD and CEO, CVO and/or Directors of the Bank, the Chairman of the Audit Committee/Chairman of Board may act as the nodal officer.
- 5.2 The complaint should be sent in a closed / secured envelope.
- 5.3 The envelope should be addressed to Head of Vigilance Department, The Federal Bank Ltd, Head Office, Aluva, Kerala 683101. The envelope should be superscribed "Complaints under the protected Disclosure Scheme for Banks". In exceptional cases as defined above, the envelope should be addressed to "The Chairman, Audit Committee/The Chairman of the Board, The Federal Bank Ltd, Head Office, Aluva, Kerala 683101.
- 5.4 The complainant should give his / her name and address in the beginning or at the end of the complaint or in an attached letter. In case of an employee making such complaint, details such as name, designation, department, institution, and place of posting etc. should be furnished.
- 5.5 Complaints can be made through e-mail also giving full details as specified above, in the Email ID pds@federalbank.co.in. In exceptional cases involving complaints against the MD and CEO, CVO and/or Directors of the Bank, the email id for sending the complaints is pdschairman@federalbank.co.in
- 5.6 The complainant should ensure that the issue raised by him involves dishonest action / practice detrimental to the interest of the Bank/ the customers / the shareholders/ the employees / the 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.
- 5.7 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.
- 5.8 Apart from lodging complaint with the Nodal Officer of the Bank as enunciated in clause no.5.1 above, the Complainant may file complaint with the Reserve Bank of India, if so preferred by him. For filing complaint with RBI, the complaint may be sent in a closed/secured envelop to "The Chief General Manager, Reserve Bank of India, Department of Banking Supervision, Fraud Monitoring Cell, Third Floor, World Trade Centre, Centre 1, Cuffe Parade, Mumbai 400 005" superscribing "Complaint under Protected Disclosures Scheme for Banks" or send the complaint through email to the email id dbspd@rbi.org.in

6. Procedure for receiving complaints

Complaints under the scheme of the Protected Disclosure Scheme (PDS) of the Bank will be received by the Head of Vigilance Department from any person, customer or otherwise and/or any Director or member of staff. Complaints received directly by the Chairman of the Audit

Committee or the Chairman of the Board shall, at their discretion, be entrusted to appropriate persons for fact-finding.

7. Responsibility of Vigilance Department

- 7.1 The Vigilance Department will have the responsibility to implement and monitor the policy. The Head of Vigilance Department will maintain a register of such complaints noting the serial number of the complaint and date of receipt. The complaint shall be brought to the attention of the Managing Director & Chief Executive Officer immediately on receipt. In the case of matters affecting the interest of the Bank, the confidential information can be disclosed to MD & CEO, if required, and the identity of the informant would be kept confidential by the MD & CEO.
- 7.2 In order to keep confidentiality of the identity no acknowledgment will be issued to the Complainant on the date of receipt.
- 7.3 Complaints, if any, received under the scheme, other than by the Vigilance Department shall be forwarded to the Vigilance Department with a covering letter in duplicate to serve as acknowledgement for the recipient Department, marked "Confidential – Complaint under protected disclosure scheme".

8. Procedure for enquiry

- 8.1 Complaints under the scheme received by the Head of Vigilance Department shall be discreetly enquired into immediately. Either as a result of the discreet inquiry or on the basis of the complaint itself, if the Bank is of the opinion that the matter requires to be investigated further, the Managing Director & Chief Executive Officer will get it investigated by the Vigilance Department
- 8.2 The complainants need not enter into any further correspondence with the Bank in their own interest to protect the confidentiality of the identity of the complainant. The Bank assures that, subject to the facts of the case being verifiable, it would take necessary action, as provided under the scheme. If any further clarification is required, the Bank will get in touch with the complainant at the address / phone number / e-mail ID given in the complaint.
- 8.3 The identity of the complainant will not be revealed unless the complainant himself has made the details of the complaint, either public or disclosed his identity to any other authority.
- 8.4 Either as a result of the discreet enquiry, or on the basis of complaint itself without any inquiry, if the Bank is of the opinion that the matter requires to be investigated further, it will call for the comments / response from the concerned official of the Bank.
- 8.5 After obtaining the response of the concerned official and / or on the basis of an independent scrutiny conducted / ordered by the Bank, if it 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:
- I. Appropriate action to be initiated against the concerned official.
 - II. Appropriate administrative steps for recovery of the loss caused to the Bank as a result of the corrupt act or misuse of office, or any other offence covered by the Scheme.

- 8.6 Recommend to the appropriate authority / agency for initiation of criminal proceedings, if warranted by the facts and circumstances of the cases.
- 8.7 Recommend taking corrective measures to prevent recurrence of such events in future.
- 8.8 Consider initiating any other action that it deems fit keeping in view the facts of the case.
- 8.9 If the complaint is in electronic form the Bank will take the following steps.
- I. It would ascertain from the complainant whether he / she was the person who made the complaint.
 - II. The identity of the complainant will not be revealed unless the complainant himself / herself has made the details of the complaint either public or disclosed his identity to any other authority.
- 8.10 In cases wherein an employee is reporting suspicious/ fraudulent activity in an account, which qualifies to be categorized as Red Flagged Account, the matter along with views of the complainant shall be placed before Fraud Monitoring Group (FMG) of the Bank. Confidentiality of the complainant shall be ensured by Vigilance Department and further the case investigated. Protection should be available to such employees under the whistle blower policy of the bank so that the fear of victimization does not act as a deterrent.

9. Protection available to the complainant

- 9.1 If the complainant is a staff member, he/she should give his/her name and address with pin code, phone number and / or e-mail ID, if any, prominently at the beginning or at the end of the complaint or in the covering letter. Details such as name, designation, branch / department at which he / she is working should also be clearly mentioned.
- 9.2 If any person is aggrieved by any action 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 redressal in the matter. Managing Director & CEO will take such action, as deemed fit. In case the complainant is an employee of the bank, the Bank will take all measures, preventing initiation of any adverse administrative action against the complainant.
- 9.3 The system evolved herein shall be in addition to any of the existing grievances redressal mechanism in place. However, secrecy of identity shall be observed, only if the complaint is received under the scheme.
- 9.4 In the event of the identity of the informant being disclosed in spite of Bank's directions to the contrary, the Managing Director & CEO will be initiating appropriate action as per extant regulations against the person or agency making such disclosure. Managing Director & CEO may also direct such person or agency to suitably compensate the complainant.

10. Responsibility of Board of Directors

The Board of Directors of the Bank have 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 a quarterly basis.

11. Disclosure in website and Board's Annual report

The Whistle Blower Policy of the bank will be disclosed in the Bank's intranet platform, its website, and in the Board's Annual report.