

Whistleblower Procedures

1. Introduction

Protecting the integrity and reputation of the Bank requires continuous vigil upon the incidents of misconduct involving suspected fraud, corruption, collusion and coercion, and other serious infringements of the rules and policies in force at the Bank.

Whistleblower Procedures are therefore formulated to facilitate reporting of such incidents in good faith, without having to fear that their action may have adverse consequences for them. These procedures are a key element for safeguarding the Bank's integrity and facilitate combating practices that might damage its activities and reputation.

The procedures are designed to ensure that the Whistleblower who reports incidents of misconduct in good faith is afforded the utmost confidentiality and effective protection against any retaliation or reprisals, whether actual or threatened, as a result of whistleblowing. The procedures also provide a framework for a fair and expeditious means of dealing with whistleblowing instances respecting the rights of all parties concerned.

The whistleblower procedures are also intended to be a fair and expeditious means of protecting the whistleblower who reasonably believes that obeying an order from a supervisor would result in violation of any rules/regulations of the Bank or violation of the law.

2. Policy Provisions

- a) The requirement for reporting instances of non-compliance with the Bank's policies and procedures to the Compliance Division are enshrined in its Anti-Corruption, Anti-Fraud and Anti-Money Laundering policies as well as the Code of Business Conduct & Ethics of the Bank.
- b) The Procedures are applicable to all Human Resources of NDB including the President, Vice-Presidents, full-time regular staff (professional / support staff) and short-term consultants including secondees / interns, regardless of their place of work (collectively referred to as Bank Staff all throughout this document).
- c) The policies provide that any Bank staff who observe an act of misconduct in the Bank's operation (actual / perceived) have an obligation to report such information to the Compliance Division immediately. The policies further provide that anyone who fails to report such information in effect becomes an accomplice to the misconduct and will be subject to sanctions and / or possible other administrative action.

3. Whistleblowing Complaints

a) The types of acts of misconduct that can be reported under these guidelines are broadly categorized, but not limited to, as under –

- **Workplace misconduct:** Complaints against Bank staff that can be reported under this category include work-place harassment, sexual harassment, intimidation, conflict of interest (including through gifts and entertainment given by / to third-parties), willful negligence, etc.¹
- **Corruption related misconduct:** Complaints against Bank Staff, contractors and borrowers (and / or their affiliates) that can be reported under this category include acts of corruption, bribery, etc.
- **Fraud related misconduct:** Complaints under this category include acts of financial misconduct such as accounting fraud or asset related fraud.
- **Other misconduct:** Complaints under this category include acts in the nature of any illegality, gross waste, mismanagement, abuse of authority, substantial and specific danger to public health or safety and any other activity which undermines the Bank's institutional mission to its stakeholders, as well as any other information that assists in honoring those duties.

b) The Bank Staff making a whistleblowing complaint is in possession of information that he / she reasonably believes is an evidence of misconduct or would assist in carrying out legitimate inquiry into the same.

4. Reporting provisions

The reporting of Whistle blowing complaints is dealt with as follows:

Category	Against Whom	Whistleblowing Complaint can be made to
A	Against all Staff / STCs	Compliance Division
B	Compliance Division	President
C	Vice-Presidents	President

¹ These can be differentiated from grievances of Bank Staff against HR policies of the Bank in his/her individual case without any reference to an act of misconduct by any other Bank Staff. These shall be reported to and resolved by the Human Resources Department. However, Bank Staff may seek guidance from HR and Compliance departments on a case to case basis to evaluate whether the issue on hand constitutes an employee grievance or a whistleblower complaint.

Category	Against Whom	Whistleblowing Complaint can be made to
D	President/Internal Audit Division	Chairperson of the Audit, Risk and Budget Compliance Committee.

Apart from the email mechanism, the Compliance Division would deploy an intranet tool for reporting of Whistleblowing complaints in due course of time.

5. Anti-Retaliation measures

The Bank acknowledges that proactive anti-retaliation measures designed to (1) receive and respond appropriately to employees' compliance concerns and (2) prevent and address retaliation against employees who raise or report concerns, are the key component of any successful whistleblowing mechanism. Without an effective program, problems in the workplace may go unreported because Bank Staff may fear retaliation for reporting concerns or feel frustration over the lack of effective resolution of their concerns.

Therefore, as per the procedures, retaliation against employees who raise or report concerns or otherwise exercise their rights under the whistleblower provisions is prohibited. This prohibition is operationalized through measures such as:

- a) The whistleblower who reports any misconduct under these procedures shall be protected against any acts of retaliation by any Bank Staff, consultants, borrowers, contractors. The whistleblowing complaint however should be done in good faith and in compliance with the provisions of these procedures and should be non-frivolous in nature.
- b) "Good faith" can be taken to mean the unequivocal belief in the veracity of the reported misconduct, i.e. the fact that the member of Bank Staff reasonably believes the transmitted information to be true.
- c) For the purposes of these procedures, "retaliation" is defined as any adverse action or threat of such action which is unjustly detrimental to the staff reporting because of his / her report. Examples of adverse action include, but are not limited to:
 - Termination of employment
 - Demoting
 - Denying overtime or promotion
 - Disciplining
 - Denying benefits
 - Failing to hire or rehire
 - Intimidation
 - Making threats

- Blacklisting (e.g., notifying other potential employers that an applicant should not be hired or refusing to consider applicants for employment who have reported concerns to previous employers)
- Reassignment to a less desirable position or actions affecting prospects for promotion (such as excluding an employee from training meetings)
- Reducing pay or hours
- More subtle actions, such as isolating, ostracizing, mocking, or falsely accusing the employee of poor performance.

Retaliatory behavior also includes any other discrimination being suffered by the whistleblower on account of the whistleblowing.

- d) The Bank will arrange for training of staff to make certain that they understand - what is retaliation, their rights and obligations under the anti-retaliation program and the measures taken by the Bank to prevent retaliation.
- e) Anti-retaliation protection is also provided to individuals who are perceived as whistleblowers (even if mistaken), or as “assisting whistleblowers,” (to guard against guilt by association), and individuals who are “about to” make a whistle-blowing complaint.
- f) The protection of a person reporting an irregularity shall be guaranteed by the fact that their identity will be treated in confidence. This means that their name will not be revealed, unless the whistleblower personally authorizes the disclosure of his/her identity or this is required by law.
- g) Where members of staff consider that they have been the victim of retaliation for reporting an irregularity or have good reason to believe or fear that they are exposed to a risk of retaliation as a result of their reporting an irregularity, they shall be entitled to complain to the Compliance Division and request that protective measures be adopted, within 1 year of the first instance of retaliatory behavior.
- h) The Compliance Division shall assess the circumstances of the case referred to it and may recommend to the President that temporary and / or permanent measures that are necessary in the interests of the Bank be adopted with a view to protecting the staff member in question. The staff member shall be informed in writing of the results of this procedure. The protective measures shall be advised to the staff alleging retaliation.
- i) Bank Staff who makes a report in bad faith, particularly if it is based knowingly on false or misleading information, shall not be protected and shall be subject to disciplinary measures.
- j) Any form of retaliation undertaken by a staff member against any person for reporting an irregularity in good faith is prohibited and considered to be a breach of the loyalty and professional ethics requirements of the Staff Code of Conduct. In such a case, disciplinary measures shall be taken including negative effect in the performance review of the staff.

Members of staff will be informed of the measures taken by the Bank following the discovery of acts of retaliation for reporting an incident.

6. Acknowledgement and admissibility of Whistleblowing complaint

- a) The Compliance Division, on receipt of an allegation, including complaints from anonymous or confidential sources, shall register the allegation and acknowledge receipt to the complainant.
- b) The allegation will be evaluated by Compliance Division to determine its credibility, materiality and verifiability in order to understand whether there is a legitimate basis to warrant an investigation.
- c) Any staff member implicated by reports of irregularities will be notified, after observing due internal procedures, about the allegations made against them unless such communication will interfere with the investigation.

7. Investigation procedures

- a) Compliance Division will conduct the preliminary investigation to determine whether there are grounds for a more detailed investigation. The information and documentary evidence provided by the complainant will be the basis for the investigation.
- b) The gravity of the complaint and the impact of the possible outcomes will decide the prioritization of the cases under investigation.
- c) For purposes of these guidelines, investigative activity includes the collection and analysis of documentary, video, audio, photographic, and electronic information or other material, interviews of witnesses, observations of investigators, and such other investigative techniques as are required to conduct the investigation.
- d) To the extent possible, interviews conducted during the course of investigation shall be conducted by two persons (one from the Compliance Division and one from an independent department not connected with the departments of the whistleblower or the person against whom the complaint has been made).
- e) If at any time during the investigation, the investigators consider that it would be prudent, as a precautionary measure or to safeguard information, to temporarily exclude a staff member that is the subject of an investigation from access to his or her files or office or to recommend that he or she be suspended from duty, with or without pay and benefits, or to recommend placement of such other limits on his or her official activities, the investigator shall refer the matter to the Human Resources division of the Bank.
- f) The Legal Division of the Bank shall be consulted at all stages of the investigation by Compliance Division.

- g) The results of the investigative activity shall be dealt with by the Compliance Division as follows:
- Where it is found that the report made by the complainant is not based on facts and the allegations cannot be verified, the Compliance Division will close the case and report the matter to Human Resources Division if the complaint was knowingly false.
 - Where it is found after investigation that the case involves misconduct on the part of the staff implicated in the complaint, the Compliance Division after collecting the necessary evidence will submit an internal report for taking next steps as per this document.
- h) Where preliminary investigation reveals tangible and credible information that supports the allegations, a full-scale investigation (through internal audit, external experts, external audit firms, legal experts etc.,) will be launched and all concerned are required to cooperate with the investigations.
- i) The investigation will be conducted in a fair and unbiased manner and the implicated staff member will be given a fair hearing. However, intentional non-cooperation by any staff will be referred to the Human Resources Division for appropriate action.
- j) Persons with conflict of interest will not be part of the investigation process under the whistleblower mechanism.
- k) The cooperation of a staff, reporting the incident shall not necessarily exonerate any staff from sanction by the Bank if such staff is party to the wrongdoing; however, such cooperation shall be taken into consideration as a mitigating factor in determining any disciplinary sanction of such staff.
- l) Investigation of all cases of whistle-blowing complaints against the Compliance Division shall be undertaken by the Internal Audit department (either internally or by engaging an external audit firm).
- m) Investigation of all whistle-blowing complaints against Vice-Presidents shall be guided by the instructions of the President.
- n) Investigation of all whistle-blowing complaints against the President shall be guided by the instructions of the Chair of the Audit, Risk & Budget Compliance Committee.

8. Oversight on the Whistleblower complaint investigation process

- a) For the purpose of exercising oversight on the whistleblower complaints investigation and handling, an ad-hoc committee (comprising the following members) shall be constituted by the President:

- Director General – Legal
 - Director General – Front Office
 - Director General – Not-Connected with the departments of the whistle-blowing complainant or the whistle-blowing subject
 - Director General – Human Resources
- b) The quorum shall comprise 3 members from the above (with one DG either from Legal / Human Resources as the mandatory participant to the meeting).
- c) The Chief of Internal Audit shall be the permanent invitee to the ad-hoc committee proceedings.
- d) The Corporate Secretary shall maintain the Secretariat for the ad-hoc committee proceedings.
- e) Compliance Division (or the internal audit division in case of whistle-blowing complaint against the compliance division) will present the details of the whistle-blowing complaint, results of the investigation proceeding, remediating action plan – for the review of the Committee members.
- f) Any aggrieved party as a result of the investigation by the whistle-blowing complainant shall be given an opportunity of being heard at the proceedings of the ad-hoc Committee. The ad-hoc Committee members, suo-motto, may decide to call for the presence of any of the officials of the Bank during the course of its proceedings.
- g) After their review and deliberations, the ad-hoc committee shall recommend the status of the whistle-blowing complaint and the remediating action plan to the President of the Bank for his approval. The concerned Vice-Presidents shall be kept informed about the recommendations of the Committee.
- h) A party which is aggrieved by the decision of the ad-hoc committee will have the right to appeal the decision within 30 days to the chair of ARBC.
- i) Results of the investigation procedures of all whistle-blowing complaints against Vice-Presidents shall be guided by the instructions of the President.
- j) Results of the investigation procedures of all whistle-blowing complaints against the President shall be guided by the instructions of the Chair of the Audit, Risk & Budget Committee.

Notes:

- a) The President of the Bank shall appoint alternative members in case of any of members of the ad-hoc Committee are conflicted by virtue of either being a complainant or a subject or a reporting authority to such complainant / subject.

- b) In cases of sexual harassment related complaints, the ad-hoc committee proceedings shall be conducted with a co-opted female member as approved by the President, if the complainant or subject of the complaint is a female.

9. Anonymous complaints

- a) As a policy, employees are encouraged to report in a manner that will facilitate effective investigation and remediation, which in general will mean open or confidential, rather than anonymous, reporting. The Bank will ensure that confidentiality will be maintained not just of the name of the whistleblower but to disclosure of any “identifying information” also because often when facts are known only to a few, that information easily can be traced back to the source and are the equivalent of a signature.
- b) A staff member who chooses to report on an anonymous basis must provide in a timely manner enough information concerning the basis of the allegations and sufficient detail or supporting evidence that the matter can be pursued responsibly. Otherwise, the matter usually cannot be pursued further.
- c) Even where anonymous allegations are sufficiently detailed or supported to permit a responsible investigation to be conducted, no final finding of misconduct will be made based solely on the anonymous allegations without independent corroboration.

10. Control framework

The Compliance Division will submit an MIS as follows about the whistle-blowing complaints:

- a) To the President on monthly basis comprising:
- Number of whistle-blowing complaints received
 - Nature of the complaints received
 - Admissibility or otherwise of the complaints and reasons thereof
 - Status of investigation proceedings
 - Time taken for investigation
 - Findings of investigation and remediating action plan suggested
- b) A summary of the update provided to the President shall be presented to the Audit, Risk and Budget Compliance Committee on a quarterly basis.

11. Others

- a) The whistleblower process, including the anti-retaliation program will be independently reviewed annually (either by internal audit / external reviewer) to verify its effectiveness and to incorporate changes as may be required.

- b) The whistleblower will be appraised of the action taken on his/her complaint and the corrective measures instituted to remedy the situation. Further, taking into account an employee's preference for confidentiality, the Bank may publicly recognize the contribution of employees whose disclosures have made a positive difference.