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Index		
S.No	Content	Pg. No.
1	Preamble	4
2	Objectives of the Policy	4
3	Custodian of the Policy	5
4	Review of the Policy	5
5	Definitions	5
6	Rights and Responsibilities of Whistle Blowers	6
7	Improper Practice	6
8	Mode of reporting Improper Practice	7
9	Designated Authority	8
10	Protection	8
11	Recognition for true and timely information	8
12	Punishment	9
13	Legitimate Employment Action	9
14	Procedure for enquiry /investigation/ handling the complaint	9
15	Decision	10
16	Dissemination	10
17	Timeline for disposal:	10
18	Update to the Audit Committee of the Board [ACB]	10
19	Complaints against employees	10
20	Protected Disclosures Scheme	11
21	Annexure- Glossary	15

1. Preamble

1.1 Paytm Payments Bank (“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. The Bank has a detailed “Code of Conduct and Ethics Manual” that directs the Employees (as hereinafter defined) to uphold the Bank’s values and urges them to conduct business with integrity and by adopting the highest ethical standards.

1.2. It is the Bank’s constant endeavor to maintain the highest ethical standards. By means of this Policy (as hereinafter defined), the Bank hopes to encourage and empower the Employees / Stakeholders (as hereinafter defined) to make or report any Protected Disclosures (as hereinafter defined) under the Policy, without any fear of reprisal, retaliation, discrimination, or harassment of any kind. This Policy has also been put in place to provide a mechanism through which adequate safeguards can be provided against victimization of employees who avail of this mechanism.

2. Objectives of the Policy

- 2.1 **Promoting culture of openness:** Whistle Blower Policy is an internal mechanism developed to encourage the employees/Stakeholders to come forward for disclosing the happenings in the Organization which are being conducted against the interest of the Bank. This will encourage the culture of openness within the Organization, rather than the employees venting their feelings on frauds/corruption elsewhere.
- 2.2 **Setting standards of Public Services:** Banks and Financial Institutions today are working in an increasingly competitive environment and Staff members may find themselves under increasing pressure to act at times deviating guidelines. In such institutions, vigilant employees who are ‘WhistleBlowers’ represent the highest ideals of public service and expose abuse of power. Vigilant employees must be able to come forward and report cases of malpractice, fraud, safety violations etc., in the interest of the Bank, to maintain its public image and reputation.
- 2.3 **Compliance with Rules and Regulations:** The Bank has a responsibility to its stake holders, shareholders, 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 instills confidence in its employees, customers and others who conduct business with the Bank.
- 2.4 The objective of this policy is to 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 in accordance with this

Policy.

3. Custodian of the Policy

The Chief Vigilance Officer (overseeing Vigilance), will be the custodian of the policy.

4. Review of the Policy:

The Policy shall be reviewed as and when required or once in a year, incorporating the regulatory changes, if any. This review shall also be to assess the effective implementation of the policy.

5. Definitions

Whistle Blower

“Whistle Blower” shall mean an Employee/ Stakeholder making a Protected Disclosure in good faith under this Policy.

An employee/stakeholder making a disclosure, about an improper practice, under this policy is commonly referred to as a Whistle Blower.

Whistle Blower Committee

The Whistle Blower committee would be chaired by Head-HR and following would be the members of the committee.

- Chaired by Head HR/Ops Risk
- Chief Information Security officer
- Head-Legal & LEA
- Head Ops Risk
- Head Vigilance (Presenter)

Minimum quorum of 3 members required for the meeting.

Subject

“Subject” shall mean a person against or in relation to whom a Protected Disclosure has been made and shall also include any person who becomes subject of such investigation based on evidence gathered during the course of an investigation under this Policy.

Stakeholders

“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.

Protected Disclosure

“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 Paytm Payments Bank.

Anonymous/Pseudonymous Complaints

“Anonymous/ Pseudonymous” means a complaint made without revealing the identity of the complainant (anonymous) or with false name (pseudonymous). Here the complainant not treated under protected disclosure.

6. Rights and Responsibilities of Whistle Blowers

- 6.1 Confidentiality of Whistle Blowers shall be maintained, unless required in terms of an order of a court of law
- 6.2 All staff members of the Bank have a duty to cooperate with investigations initiated under this policy.
- 6.3 The motive of a Whistle Blower is irrelevant for consideration of the validity of the allegations. However, the intentional filing of a false report by the Whistle Blower is considered as an act deemed to be lacking in 'good faith'- in terms of Point No. 10 of this policy and the Bank has a right to take appropriate action against the Whistle Blower.
- 6.4 As per this policy, whistle blower shall merely report a misdemeanor as stated above and shall not act as an investigator or conduct himself as an investigative agent/person.
- 6.5 A Whistle Blower will have right to 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 in which he is involved.
- 6.6 The whistle blower shall provide specific and verifiable details in the 'protected disclosure' in appropriate language that is not un-parliamentary/ offensive.
- 6.7 The protected disclosure, though not necessarily be required to conclusively prove the points contained therein, the whistle blower shall provide sufficient evidence/ inputs to establish a prima facie case for investigation.
- 6.8 A Whistle Blower shall not ventilate to outsiders before exhausting the remedy internally.

7. Improper Practice

An improper practice is any activity by an employee at any level, that is undertaken in the performance of the employee's official duties, whether or not that action is within the scope of his or her employment and

- 7.1 It is in violation of any law or regulation of India or any other country under whose laws the employee is governed, including, but not limited to, corruption, bribery, theft of property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of property, or willful omission to perform duty, or

- 7.2 Is in violation of Bank's Code of Conduct or
- 7.3 Involves gross misconduct, incompetence, or inefficiency,
- 7.4 Lapses involving
 - Gross and or willful negligence;
 - Recklessness;
 - Failure to report to Designated Authority, exercise of discretion without or in excess of powers/jurisdiction cause of undue loss or concomitant gain to one individual or a set of individuals, a party or parties;
 - Flagrant violations of systems and procedures.

8. Mode of reporting Improper Practice

8.1 Protected Disclosures/intimation about improper practice may be made orally or in writing through following modes: -

a) By letter in a closed / sealed envelope addressed to:

Chief Vigilance Officer
Vigilance Department
B-121, Sector 5, Noida,
Uttar Pradesh - 201301

The envelope should be super scribed "Protected Disclosure under Whistle Blower Policy of Bank"

b) By way of an email addressed to whistleblower@paytmbank.com

c) Through calling on WB Hotline number (No. 0120-4818911).

d) Drop Boxes installed in the rest rooms

8.2 However, if the subject of the Protected Disclosure is the CEO, the letter or email should be addressed to the Chairperson of Audit committee. Complainant can email on following email ID:-
raamaanuj@gmail.com

8.3 The Whistle Blower should disclose his/her name and full address.

Note: - Anonymous/ pseudonymous complaints will not be considered as Protected Disclosures under this Policy. such cases will be investigated if the evidences shared by the complainant indicates the wrong practices under the categories covered under this policy subject to prior approval of the Designated Authority and CRO.

8.4 In case of an oral disclosure, it should be followed up with a written communication within 48 hours, else no cognizance will be taken thereof.

9. Designated Authority:

Designated Authority	Executive/Staff Involved
CVO (Overseeing Vigilance) or a competent authority as nominated by CVO	AVP and all Employees below the rank of Associate Vice President
Senior Vice President (Overseeing Vigilance) or a competent authority as nominated by MD*	Above Associate VP or a competent authority as nominated by MD*

***All nomination should be outside HR Vertical.**

10. Protection:

In the present-day scenario, a Whistle Blower is likely to be subjected to unfair termination or prejudicial employment practices. "Unfair termination" and "Unfair prejudicial employment practices" means to threaten, or otherwise discriminate or retaliate against a staff member in any manner that affects the member's employment, including compensation, job location, rights, immunities, promotions, or privileges.

A staff member communicates in "good faith" if there is a reasonable basis for the communication of a violation or has observed an unethical or improper practice. "Good faith" is deemed to be lacking when the staff member does not have personal knowledge of a factual basis for the communication or where the staff member knew or reasonably should have known that the communication about the unethical or improper practices is malicious, false or frivolous.

Whistle Blowers shall be protected against any unfair practice like retaliation, threat, intimidation, unlawful termination/suspension of service, disciplinary action, transfer, demotion, discrimination, any type of harassment, biased behavior including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his/her duties/functions including making further Protected Disclosure.

Any employee who claims to have been victimized - for his role as a WhistleBlower - in any manner as specified above, may appeal to the Appellate Authority (As mentioned in Staff accountability policy). Appellate Authority may take such action, as deemed fit including, without limitation, any measures required to prevent/ reverse initiation of any adverse action against the Whistle Blower.

11. Recognition for true and timely information

The Designated Authority shall acknowledge and recognize any staff member providing timely and factual information that saves the Bank from loss in any form – financial or otherwise. The recognition shall not be made public.

12. Punishment

Any staff member who knowingly makes false allegations of alleged improper practice to the Designated Authority shall be subject to disciplinary action.

However, the decision on reference to disciplinary proceedings shall vest with the appropriate Disciplinary Authority of the Bank. (Other than one who has investigated or involved in the case. Additionally, no representation from HR department).

13. Legitimate Employment Action

This policy shall not be used as a defense by a staff member against whom an adverse personnel action has been initiated for legitimate reasons or cause under the Bank rules and policies. It shall not be a violation of this policy to take adverse personnel action against an employee whose conduct or performance warrants action independent of his/her role as a Whistle Blower.

14. Procedure for enquiry /investigation/ handling the complaint

14.1 All Protected Disclosure received under this Policy would be examined by the Designated Authority, except those which are received in terms of para 8.2 directly by the Chairperson of Audit committee. Such Protected Disclosures received directly by the Chairperson of Audit committee would be examined by them and referred for investigation at their own discretion.

14.2. Any complaint received against the Board of Directors of the Bank, whether protected disclosure received under this Policy or an anonymous/pseudonymous one, would also be dealt with by the Designated Authority in similar manner as mentioned in this policy. The Designated Authority shall keep the Competent Authority, i.e. the ACB, immediately informed about such complaint received against the directors along with outcome of their initial review/fact-finding exercise and then seeking their review & advice on decided further required action/investigation.

14.3. If deemed necessary by the Investigation Authority/ Investigation Officer to verify the contents of the Protected Disclosure, the Whistle Investigation Authority/ Investigation Officer will get in touch with the Whistle Blower at the address/ phone number/ e-mail ID given in the Protected Disclosure.

14.4. If any complaint is received under this Policy with respect to any allegation which falls within the ambit of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the same will be referred to the committee constituted under POSH Act in the Bank.

14.5. During the course of any whistleblower inquiry, the investigating officer shall be empowered to seek any document, information, evidence or financial statements which

may be necessary for investigating into the allegations made in the complaint and the concerned employee shall be obliged to furnish the same.

14.6. If any member of the Audit Committee/ Whistle Blower Committee/ Investigation officer has a conflict of interest in any given case, he/she shall recuse himself/herself from such proceedings.

14.7. In order to protect the identity of the Whistle Blower, the Bank will not issue any acknowledgement of receipt of the complaint.

15. Decision

Investigation Authority/ Investigation Officer shall place the investigation report in respect of any Protected Disclosure before the Whistle Blower Committee and shall discuss the findings of the investigation. After review of the investigation report, the Whistle Blower Committee shall take the necessary actions in relation to the Protected Disclosure. In the event that the Whistle Blower Committee determines, after reviewing, examining and discussing the investigation report in respect of any Protected Disclosure, that the same should be placed before the Audit Committee, it shall place the same before the Audit Committee along with its own findings and recommendations (if any) for its review and to seek the directions of the Audit Committee.

16. Dissemination

The Bank will put in place appropriate measures to advise all staff members of the existence of the policy, as adopted by the Board and amended from time to time, including placing the information on the Bank's web site.

17. Timeline for disposal:

Whistle Blower disclosures shall be disposed by the Designated Authorities within 3 months from the date of receipt of alert.

18. Update to the Audit Committee of the Board [ACB]

On a quarterly basis, CVO (overseeing Vigilance) to place a status note to Chairman of ACB on the disclosures received and action initiated thereon and deliberate on the same on a 'One to One basis'.

19. Complaints against employees

The Policy covers complaints in respect of all employees including the Board of Directors.

20. Protected Disclosures Scheme

20.1 Introduction

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" (hereafter referred as "Scheme") vide its circular dated April 18, 2007. All employees, customers, stakeholders of Paytm Payments Bank (hereafter referred as "Bank"), NGOs and members of public would be covered by the Scheme. The salient features of the Scheme are as under:

20.2 Scope and Coverage

20.2.1 The complaints under the Scheme would cover the areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, failure to comply with existing rules and regulations such as Reserve Bank of India Act, 1934, Banking Regulation Act 1949, etc. and acts resulting in financial loss / operational risk, loss of reputation, etc. detrimental to depositors' interest / public interest.

20.2.2 Under the Scheme, employees, customers, stakeholders of the Bank, NGOs and members of public can lodge complaints.

20.2.3 Anonymous / pseudonymous complaints will not be covered under the Scheme and such complaints will not be entertained.

20.2.4 Reserve Bank of India (RBI) will be the Nodal Agency to receive complaints under the Scheme. RBI would keep the identity of the complainant secret, except in cases where complaint turns out to be vexatious or frivolous and action has to be initiated against the complainant as mentioned at para 2.5 below.

20.2.5 In cases where motivated / vexatious complaints are made under the Scheme, the Bank can take action against complainants, after being advised by RBI. An opportunity of hearing will, however, be given by the Bank to the complainant before taking such action.

20.2.6 Final action taken by RBI on the complaint will be intimated to the complainant.

20.3. Procedure for lodging the complaint under the Scheme

20.3.1 The complaint should be sent in a closed / secured envelope.

20.3.2 The envelope should be addressed 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. The envelope should be superscribed "Complaint under Protected Disclosures Scheme for Banks".

20.3.3 The complainant should give his / her name and address in the beginning or end of the complaint or in an attached letter. In case of an employee of the Bank making such complaint, details such as name, designation, department, institution and place of

posting etc. should be furnished.

20.3.4 Complaints can be made through e-mail also giving full details as specified above. For this purpose, a specific email address dbspd@rbi.org.in has been created.

20.3.5 The complainant should ensure that the issue raised by him involves dishonest intention/moral angle. He should study all the relevant facts and understand their significance. He should also make an effort, if possible, to resolve the issue through internal channels in order to avoid making the complaint.

20.3.6 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.

20.3.7 In order to protect the identity of the complainant, RBI will not issue any acknowledgement of receipt of the complaint and the complainants are advised not to enter into any further correspondence with the RBI in their own interest. RBI 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, RBI will get in touch with the complainant.

20.3.8 If the complaint is accompanied by particulars of the person making the complaint, the RBI shall take the following steps:

- If necessary, it would ascertain from the complainant whether he was the person who made the complaint or not.
- 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.
- If the identity of the complainant is concealed, RBI shall make discreet inquiries to ascertain if there is any basis for proceeding further with the complaint.
- Either as a result of the discreet enquiry, or on the basis of complaint itself without any inquiry, if RBI is of the opinion that the matter requires to be investigated further, RBI may consider calling for the comments / response from the Chairman / Chief Executive Officer of the Bank.
- After obtaining the response of the Bank and / or on the basis of an independent scrutiny conducted / ordered by RBI, if RBI is of the opinion that the allegations are substantiated, the RBI shall recommend appropriate action to the Bank. These shall, inter alia, include the following:
 - o Appropriate action to be initiated against the concerned official.
 - o Appropriate administrative steps for recovery of the loss caused to the bank as a

result of the corrupt act or mis-use of office, or any other offence covered by the Scheme.

- o Recommend to the appropriate authority / agency for initiation of criminal proceedings, if warranted by the facts and circumstances of the cases.

- o Recommend taking corrective measures to prevent recurrence of such events in future.

- o Consider initiating any other action that it deems fit keeping in view the facts of the case.

20.3.9 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 RBI seeking redressal in the matter. RBI shall take such action, as deemed fit. In case the complainant is an employee of the Bank, RBI may give suitable directions to the Bank, preventing initiation of any adverse personnel action against the complainant.

20.3.10 Either on the basis of application of the complainant or on the basis of information gathered, if the RBI is of the opinion that either the complainant or the witnesses in the case need protection, the RBI shall issue appropriate directions to the Bank.

20.3.11 The system evolved herein shall be in addition to the existing grievances redressal mechanism in place. However, secrecy of identity shall be observed, only if the complaint is received under the Scheme.

20.3.12 In case RBI finds that the complaint is motivated or vexatious, RBI shall be at liberty to take appropriate steps.

20.3.13 In the event of the identity of the informant being disclosed in spite of RBI's directions to the contrary, the RBI shall be authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. RBI may also direct such person or agency to suitably compensate the complainant.

20.3.14 Norms for protection of identity of employees making disclosures under the scheme and safeguarding them from any adverse personnel action:

In case any employee of the Bank is aware of any issue, which can cause financial loss or operational loss of reputation etc., the employee is required to report the issue to Vigilance team. Any such issue, which is raised, will be recorded, reviewed and where required investigations will be held. The Bank will ensure confidentiality of the process and details of the complainant. The Bank will also ensure that employees are not subject to harassment arising out of this process. Employees shall not use this mechanism for raising general complaints.

Mechanism to deal with the complaints received under the Scheme: The complaints referred by RBI to the Bank under the Scheme would be received in MD's office, whereby the confidentiality of the complaint details and the complainant would be

maintained. The MD, along with Vigilance team, will decide on the merits of the complaint, action thereof to be taken, if any, and reply to RBI.

20.4. Role and responsibilities of the Board of Directors under ‘Protected Disclosure Scheme’

20.4.1. Audit Committee of the Board will be responsible for monitoring the implementation of the Scheme.

20.4.2. The responsibility of carrying out the directions / instructions / awards that the RBI initiate on the complaints received under the scheme from time to time will also be vested with said committee

20.4.3. The Committee will scrutinize the complaints received or reference/instructions made by Reserve Bank of India and will comply with such instructions and intimate the action taken on such complaints/reference, from time to time.

20.4.4. In the matter of any complaint against Senior Management of the Bank, the Board of Directors keeping in view seriousness of allegations, may constitute a Committee to carry out the investigation and submission of comments to RBI.

20.4.5. For ensuring better governance standards and probity / transparency in the conduct of affairs, it is decided that ‘Protected Disclosures Scheme’ be placed on the website of the Bank. This will facilitate awareness amongst employees, customers, and stakeholders of the Bank.

All relevant regulatory and legal guidelines as applicable to PPBL would apply mutatis mutandis and the Bank’s Policy in this regard shall be deemed to have been modified accordingly.

**Annexure –
Glossary**

Term	Full Form/ Meaning
ACE	Audit Committee of Executives
ACB	Audit Committee of the Board
CBS	Core Banking System
VP	Vice President
CRO	Chief Risk Officer
FRM	Fraud Risk Management

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