

MUTHOOT MICROFIN LIMITED

WHISTLE BLOWER POLICY

Purpose	To create a fearless environment for the employees / various stakeholders.
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Author	Head of HR
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Policy Approval	Board of Directors
Date	23-09-2016

MUTHOOT MICROFIN LIMITED

WHISTLE BLOWER POLICY

1 PREFACE

As an employee friendly organization, Muthoot Microfin Limited ('Muthoot Microfin' or 'the Company') believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. We are committed to conducting business with integrity and in accordance with all applicable laws and regulations.

In its endeavor to provide its employee a secure and a fearless working environment, Muthoot Microfin has established the "Whistle Blower Policy" ('the policy'). The purpose of the policy is to create a fearless environment for the employees/ various stakeholders (customers of the Company and all vendors interacting with the Company) to report any instance of unethical behaviour, actual or suspected or violation of Muthoot Microfin's code of conduct or ethics policy to the reporting officer of the Company/ Chairman of the Audit Committee of the Company and report violations, free from any discrimination, retaliation or harassment.

The framework of the policy strives to foster responsible and secure whistle blowing. This policy should be read in conjunction with applicable regulations & existing policies and procedures of Muthoot Microfin.

2. POLICY OBJECTIVES

The objective of the policy is to seek the support of employees and other stake holders to report any unethical or improper practices in the Company which have taken place and suspected to have taken place or the conduct which may result in violation in law by the Company or substantial mismanagement of company resources; actions which have grave impact on the operations and performance of the business of the Company, misuse or abuse of authority, fraud or suspected fraud.

3. APPLICABILITY:

This policy applies to employees and other stake holders (including customers, business partners and vendors) of the company. All employees of the company are eligible to make disclosures under the policy which should be in relation to the Company. The policy neither releases 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.

4. DEFINITIONS:

- 4.1 **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act 2013 and in compliance with RBI Guidelines on Corporate Governance for NBFCs.

- 4.2 **“Disclosure”** means any communication made in good faith that demonstrate or discloses information that may evidence.
- 4.3 **“Employee”** means every employee of the Company, including Directors in the employment of the Company.
- 4.4 **“Good Faith”** means any communication under the policy, if the same is substantiated with proper evidence and there is a reasonable basis for the communication of the existence of waste or of a violation or is aware about unethical or improper practice. Good faith is lacking when an employee does not have personal knowledge of a factual basis for the communication or where the employer knew reasonably or should have known that the communication about the unethical or improper practices is malicious or motivated, unsubstantiated or false or frivolous.
- 4.5 **“Internal circulars”** is a communication made on behalf of the Company by an authorized person, which is addressed to the employee of the company through any mode including but not restricted to email, phone, notice board, inter office memo etc.
- 4.6 **“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. Protected Disclosures should be factual and not speculative in nature.
- 4.7 **“Right to access or right of approach”** is the right of an employee to give a written report to the Audit Committee for alleged misconduct or unethical or improper practice, which an employee has observed or found in the company.
- 4.8 **“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.
- 4.9 **“Unethical practice”** means and includes, but not limited to, the following suspected activities/ improper practices being followed in the Company:

Practices not conforming with acceptable and/or approved standards of social or professional behavior or an action not adhering to ethical, moral and honorable principles;

Conduct which results in a substantial mismanagement of Company resources. However, this will not include conduct or actions which may were duly authorized and taken in the best interest of the Company;

Fraud and corruption including any acts to solicit or receive any gift/reward as a bribe;

Manipulation of Company data/ records.

Abuse of authority at any defined level in the Company.

Disclosure of confidential/ proprietary information to unauthorized persons.

Any violation of applicable laws and regulations to the Company, thereby exposing the Company to penalties/ fines.

Any instances of misappropriation of Company assets.

Activity violating any laid down Company policy, including the Code of Conduct.

Indulging in corrupt practices, misappropriation, fraudulent conversion and the like, breaching/ subverting the rules, procedures for personal gain, committed singly or in concert.

Gender related misconduct, harassment of any kind including physical, mental abuses.

Malicious acts, slander, libel and such acts as may cause injury to the reputation or business interests of the company.

Any other activities whether unethical or improper in nature and injurious to the interests of the Company.

4.10 **“Unfair termination and unfair prejudicial employment actions”** means any action that amounts to threaten, or otherwise discriminating or retaliating against an employee in any manner that affects the employee’s employment, including compensation, job location rights, immunities, promotions or privileges.

5.1 **“Violation”** an infraction or a breach, which is not necessarily a violation of law, of the Company’s policies, Memorandum and Articles of Association, Code of Conduct designed to protect the interest of employees and the Company, without jeopardizing interest and growth of the company.

5.2 **“Whistle and Ethics Officer”** means an officer of the Company nominated by Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from Whistle blowers, maintain record thereof, placing the same before the Audit Committee for its disposal and informing the Whistle blower the results thereof.

5.3 **“Whistle Blower”** means an Employee, Customer or Vendor of the Company making a Protected Disclosure under this Policy.

6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:

6.1 All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting.

6.2 The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as “Protected disclosure under the Whistle Blower policy”. Alternatively, the same can also be sent through email with the subject “Protected

disclosure under the Whistle Blower Policy”. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the complainant, the Whistle & Ethics Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name/address on the envelope nor enter into any further correspondence with the Whistle & Ethics Officer. The Whistle & Ethics Officer shall assure that in case any further clarification is required, he will get in touch with the complainant.

- 6.3 The Company shall not entertain anonymous/ pseudonymous disclosures.
- 6.4 The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Whistle and Ethics Officer or the Chairman of the Audit Committee/CEO as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.
- 6.5 All Protected Disclosures should be addressed to the Whistle and Ethics Officer of the Company or to the Chairman of the Audit Committee/ CEO in exceptional cases.
- 6.6 On receipt of the protected disclosure, the Whistle and Ethics Officer of the Company or in exceptional cases, the Chairman of the Audit Committee/ CEO shall make a record of the Protected Disclosure and also ascertain from the complainant whether he/she was the person who made the protected disclosure or not. Whistle and Ethics Officer of the Company or in exceptional cases, the Chairman of the Audit Committee/ CEO shall also carry out initial investigation either himself/herself or by involving any other Officer of the Company or an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action. The record will include:
 - a) Facts of the matter;
 - b) Whether the same Protected Disclosure was raised previously by anyone on the same subject, and if so, the outcome thereof;
 - c) The financial/ otherwise loss which has been incurred / would have been incurred by the Company;
 - d) Details of actions taken by Vigilance and Ethics Officer / Chairman/ CEO for processing the complaint;
 - e) Findings of the Audit Committee; and
 - f) The recommendations of the Audit Committee/ other action(s).
- 6.7 The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

The contact details of the Whistle and Ethics Officer are as under: -

Ms. Neethu Ajay.

Company Secretary.

Muthoot Microfin Ltd

Muthoot Tower, 5th Floor, Opp. Center

Square Mall, M.G Road, Cochin - 682035.

Contact Details: 8589987624

Alternatively, the Disclosure can be e-mailed to - whistleblower@muthootmicrofin.com

6.8 Protected Disclosure against the Whistle and Ethics Officer should be addressed to the CEO of the Company and the Protected Disclosure against the CEO & MD of the Company should be addressed to the Chairman of the Audit Committee.

Name and Address of CEO of the Company:

Mr. Sadaf Sayeed

Muthoot Microfin Limited

11th Floor, Vijaya Building,

Barakhamba Road, Delhi

Pin-110001

Contact Details: 011 43667800

Email: sadaf.sayeed@muthoot.com

Name and Address of Chairman - Audit Committee:

The Chairman of Audit Committee

Muthoot Microfin Limited

5th Floor, Muthoot Towers,

M.G Road, Kochi 682035

Contact No. 0484 4277580

Email id: info@muthootmicrofin.com

7. INVESTIGATION

7.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the Whistle and Ethics Officer of the Company who will investigate / oversee the investigations under the authorization of the Audit committee. Chairman of Audit Committee / Whistle

and Ethics Officer may at its discretion consider involving any investigators for the purpose of Investigation.

- 7.2 The decision to conduct an investigation taken into a Protected Disclosure by itself is not an acceptance of the accusation by the Authority and is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation.
- 7.3 The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of the investigation.
- 7.4 Unless there are compelling reasons not to do so, subjects will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrong doing against a subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.5 Subjects shall have a duty to co-operate with the Whistle and Ethics Officer / Audit Committee during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- 7.6 Subjects shall have right to access any document/ information for their legitimate need to clarify/ defend themselves in the investigation proceedings.
- 7.7 Subjects shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- 7.8 Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subjects shall be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- 7.9 Whistle and Ethics Officer shall normally complete the investigation within 90 days of the receipt of protected disclosure.
- 7.10 In case allegations against the subject are substantiated by the Whistle and Ethics Officer in his report, the Audit Committee shall give an opportunity to the subject to explain his side. Audit committee shall maintain a register for registration of Whistle Blower Report.

8. PROTECTION

- 8.1. No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, 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 the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/ functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

- 8.2. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the Management.
- 8.3. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.
- 8.4. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

9. SECRECY / CONFIDENTIALITY

- 9.1 The Complainant, Whistle and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

Maintain confidentiality of all matters under this Policy.

Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.

Not keep the papers unattended anywhere at any time.

Keep the electronic mails / files under password.

10. DECISION

- 10.1 If an investigation leads the Whistle and Ethics Officer/ Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Whistle and Ethics Officer/ Chairman of the Audit Committee shall recommend to the Management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.
- 10.2 If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency. A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the Whistle and Ethics Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

11. REPORTING

- 11.1 The Whistle & Ethics officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

12. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

- 12.1 The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

13. COMMUNICATION

13.1 The Whistle Blower Policy cannot be effective unless it is properly communicated to employees. The policy should be published on the website of the Company.

14. RETENTION OF DOCUMENTS

14.1 All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 7 (seven) years or such other period as specified by any other law in force, whichever is more.

15. ADMINISTRATION AND REVIEW OF THE POLICY

15.1 A quarterly report about the functioning of the Whistle Blower Mechanism shall be placed before the Audit Committee. A quarterly status report on the total number of compliant received if any during the period with summary of the findings of Whistle and Ethics Officer/ Audit Committee and corrective steps taken should be send to the Board of Directors of the Company. The Chief Executive Officer shall be responsible for the administration, interpretation, application and review of this policy.

16. POLICY NOTIFICATION:

All employees shall be notified of the existence and contents of the Whistle Blower Policy by Human Resource Department and all other stakeholders including business partners and vendors by the respective HOD who interacts with the stakeholders in relation to the operation of the Company.

17. REWARDS TO WHISTLE BLOWER:

For significant disclosures, Management at their sole discretion may offer 'Rewards to the Whistle Blower' in the form of monetary awards and or Career path advancement, based on skills and capability.

18. Whistle Blower Policy shall be available at the website of the Company at www.muthootmicrofin.com and in HRMS site hrms.muthootmicrofin.com

19. AMENDMENT

The Board of Directors reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

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