



Muthoot Housing Finance Company Limited (MHFCL)

# Whistleblower Policy/Vigil Mechanism

**Recommended by:**

CEO

**Approved by:**

Board

**Date of Approval:30.04.2022**

## **Whistleblower Policy/Vigil Mechanism**

### **1. Objective**

1.1 The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. This policy aims to provide an avenue for employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

### **2. Scope**

2.1. All permanent employees of the company are eligible to make Protected Disclosures under the Policy. The policy is also applied to the trainees, auditors, third party consultants or service providers and vendors of the company.

### **3. Policy**

3.1. The Whistleblower policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company.

3.2. 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. "Disciplinary Action" means any action that can be taken on the completion of /during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.

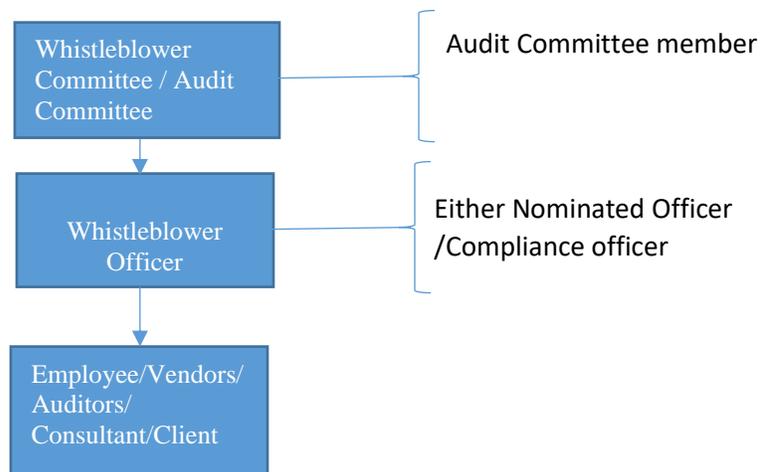
4.2. "Employee" means every employee of the Company

4.3. “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.

4.4. “Subject” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this Policy.

4.5. “Whistleblower” is someone who makes a Protected Disclosure under this Policy.

4.6. “Whistle Officer” or “Whistle Committee” or “Committee” means an officer or Committee of persons who is/are nominated/ appointed to conduct detailed investigation of the disclosure received from the whistleblower and recommend disciplinary action. The Committee, if appointed, should include Senior Level Officers of Personnel & Admin, Internal Audit and a representative of the Division/ Department where the alleged malpractice has occurred. Whistle officer would be an external agency which would be recruited to conduct an investigation as and when the need arises. The structure would be as under



4.7. “Company” means, “MHFL”

4.8. “Good Faith”: An employee shall be deemed to be communicating in „good faith” if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

4.9. "Policy or This Policy" means, "Whistleblower Policy".

## **5. Guiding Principles**

- 5.1. To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:
- 5.2. Ensure that the Whistleblower and/or the person processing the Protected Disclosure is not victimized for doing so
- 5.3. Treat victimization as a serious matter, including initiating disciplinary action on such person/(s)
- 5.4. Ensure complete confidentiality

## **6. Not attempt to conceal evidence of the Protected Disclosure**

- 6.1. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made
- 6.2. Provide an opportunity of being heard to the persons involved especially to the Subject

## **7. Anonymous Allegations**

- 7.1. Whistleblowers must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will ordinarily NOT be investigated.

## **8. Protection to Whistleblower**

8.1. If one raises a concern under this Policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment or vengeance in any manner. Company's employee will not be at the risk of losing her/ his job or suffer loss in any other manner like transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure, as a result of reporting under this Policy. The protection is available provided that:

- 8.1.1. The communication/ disclosure is made in good faith

- 8.1.2. She/he reasonably believes that information, and any allegations contained in it, are substantially true; and
  - 8.1.3. She/he is not acting for personal gain.
- 8.2. Anyone who abuses the procedure (for example by maliciously raising a concern knowing it to be untrue) will be subject to disciplinary action, as will anyone who victimizes a colleague by raising a concern through this procedure. If considered appropriate or necessary, suitable legal actions may also be taken against such individuals.
- 8.3. However, no action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.
- 8.4. The Company will not tolerate the harassment or victimization of anyone raising a genuine concern. As a matter of general deterrence, the Company shall publicly inform employees of the penalty imposed and discipline of any person for misconduct arising from retaliation. Any investigation into allegations of potential misconduct will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning an employee reporting a matter under this policy.
- 8.5. Any other Employee/business associate assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

## **9. Accountabilities**

### **9.1. Whistleblowers**

- 9.1.1. Bring to early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern. Delay in reporting may lead to loss of evidence and also financial loss for the Company.
- 9.1.2. Avoid anonymity when raising a concern
- 9.1.3. Follow the procedures prescribed in this policy for making a Disclosure
- 9.1.4. Co-operate with investigating authorities, maintaining full confidentiality
- 9.1.5. The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty Disclosures. Malicious allegations by employees may attract disciplinary action
- 9.1.6. A whistleblower has the right to protection from retaliation. But this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation
- 9.1.7. Maintain confidentiality of the subject matter of the Disclosure and the identity of the persons involved in the alleged Malpractice. It may forewarn the Subject and important evidence is likely to be destroyed.

- 9.1.8. In exceptional cases, where the whistleblower is not satisfied with the outcome of the investigation carried out by the Whistle Officer or the Committee, he/she can make a direct appeal to the CMD of the Company

## **9.2. Whistle Officer and Whistle Committee**

- 9.2.1. Conduct the enquiry in a fair, unbiased manner
- 9.2.2. Ensure complete fact-finding
- 9.2.3. Maintain strict confidentiality
- 9.2.4. Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom
- 9.2.5. Recommend an appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures
- 9.2.6. Minute Committee deliberations and document the final report

## **10. Rights of Subject**

- 10.1. Subjects have right to be heard and the Whistle Officer or the Committee must give adequate time and opportunity for the subject to communicate his/her say on the matter
- 10.2. Subjects have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the completion of the inquiry/ investigation process

## **11. Management Action on False Decision**

- 11.1. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- 11.2. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.
- 11.3. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blowers who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

## 12. Procedure for Reporting and Disclosure

- 12.1. Employees can make Protected Disclosure to Whistle officer, as soon as possible but not later than 07 consecutive days after becoming aware of the same, through email on [whistlemhfl@muthoot.com](mailto:whistlemhfl@muthoot.com).
- 12.2. Employees can make Protected Disclosure to Whistle officer about KMP of MHFL, as soon as possible but not later than 07 consecutive days after becoming aware of the same, through email on [whistlekmp@muthoot.com](mailto:whistlekmp@muthoot.com). The same will be received by the Audit Committee Chairman.
- 12.3. Every disclosure should contain full particulars and be accompanied by supporting documents, or other material, if any.
- 12.4. Whistle Officer may, if it deems fit, call for further information or particulars from the person making the disclosure. Whistle Blower must put his/her name to allegations. Concerns expressed anonymously WILL NOT BE investigated.
- 12.5. If a protected disclosure is received by any executive of the Company other than Chairman of Whistle blower Committee /Audit Committee, the same should be forwarded to the Chairman of the Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.
- 12.6. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.
- 12.7. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. Committee as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- 12.8. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- 12.9. Below mentioned details should form part of the details submitted by Whistleblower:
  - 12.9.1. The sector of the Company where it happened (division, office);
  - 12.9.2. When did it happen: a date or a period of time;
  - 12.9.3. Type of concern (what happened);
  - 12.9.4. Financial reporting;
  - 12.9.5. Legal matter;
  - 12.9.6. Employee misconduct; and/or
  - 12.9.7. Health & safety and environmental issues.
  - 12.9.8. Submit proof or identify where proof can be found, if possible;

- 12.9.9. Who to contact for more information, if possible; and/or
- 12.9.10. Prior efforts to address the problem, if any.

### **13. Investigation**

- 13.1. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Committee of the Company who will investigate / oversee the investigations under the authorization of the Audit Committee / Whistleblower committee.
- 13.2. The Whistleblower Committee/Audit Committee will determine whether the concern or complaint actually pertains to a compliance or ethical violation through a majority decision within 10 business days of receipt of the complaint with the committee.
  - 13.2.1. If the whistle blower Committee decides that the complaint is not valid, wherever possible, Whistle blower officer will communicate the rationale for the decision to the complainant.
  - 13.2.2. If the Whistle blower Committee determines that the complaint is a valid compliance violation, an Investigation Committee (identified by the Whistle blower officer) will investigate the alleged violation.
- 13.3. The Committee may at his discretion, consider involving any Investigators for the purpose of investigation. Investigators shall derive their authority and access rights from the Whistle Blower Committee/Audit Committee when acting within the course and scope of their investigation.
- 13.4. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- 13.5. The decision to conduct an investigation taken by the Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- 13.6. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- 13.7. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 13.8. Subjects shall have a duty to co-operate with the Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws. .
- 13.9. Subjects have a right to consult with a person or persons of their choice, other than the Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.

- 13.10. Subjects have a responsibility not to interfere with the investigation.
- 13.11. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- 13.12. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- 13.13. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.
- 13.13.1. A written report of the findings would be made.
- 13.13.2. On submission of report, the Whistle Officer shall discuss the matter with Chairman of Whistle Blower Committee.
- 13.13.2.1. In case the Protected Disclosure is proved, accept the findings of the Whistle Officer and take such Disciplinary Action as the Chairman of Committee may think fit and take preventive measures to avoid reoccurrence of the matter. Consequence of frivolous complaints and malicious intent shall invite punitive action from the committee.
- 13.13.2.2. In case the Protected Disclosure is not proved, extinguish the matter
- 13.14. In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, he/she can make a direct appeal to the Chairman of the Committee.

#### **14. Access to Reports and Documents**

- 14.1. All reports and records associated with „Disclosures“ are considered confidential information and access will be restricted to the Whistleblower, the Whistle Committee / audit committee and Whistle Officer. „Disclosures“ and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

## **15. Reward Policy**

- 15.1. Reward will be given to individual who voluntarily report independently derived information leading to the successful prosecution. To qualify for reward, financial implication involved should be more than Rs.1, 00,000/- . The reward will be decided by the chairman of the Whistle Blower Committee.
- 15.2. The whistleblower must provide the management with “original information.” Original information: (1) must be “derived from the independent knowledge or analysis of the whistleblower”; (2) cannot be known to the management from any other source; and (3) While “bits and pieces” of the whistleblower’s information may be derived or previously known to the management, the whistleblower must provide critical information that was unknown to the management and led to the success

## **16. Offences & penalties**

- 16.1. Where the Whistle Blower Committee, at the time of examining the information submitted by the officials concerned, is of the opinion that the officials concerned, without any reasonable cause, has not furnished the information within the specified time or intentionally (malafide) refused to submit the information or knowingly given incomplete, incorrect or misleading or false information or destroyed record or information which was the subject of the disclosure or obstructed in any manner in furnishing the information, it shall impose a penalty as deemed fit by the Management.
- 16.2. Provided that no penalty shall be imposed against any person unless he has been given an opportunity of being heard.
- 16.3. Any person who makes any disclosure intentionally and knowingly that it was incorrect or false or misleading shall be punishable with fine which may extend up to Rs.10,000/-.

## **17. Retention of Documents**

- 17.1. All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of 07 years.

## **18. Reports**

- 18.1. A quarterly status report on the total number of complaints received during the period, with summary of the findings of the Whistle Committee and the corrective actions taken will be sent to the CEO of the Company.

## 19. Company's Powers

19.1. The Company is entitled to amend, suspend or rescind this policy at any time. Whilst, the Company has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy. The Company may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance.

### 19.2. Annual affirmation

19.2.1. The Company shall annually affirm that it has not denied any personnel access to the Committee and that it has provided protection to whistle blower from adverse personnel action.

19.2.2. The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the Company.

19.2.3. The CFO and the Whistle officer shall present a status report to the Audit Committee every quarter on the number of incidents reported, investigated and disposed off.

## 20. Examples

The Policy covers malpractices and events which have taken place/ suspected to take place involving:

- Abuse of authority
- Breach of contract
- Negligence causing substantial and specific danger to public health and safety
- Manipulation of company data/records
- Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
- Any unlawful act whether Criminal/ Civil
- Pilferation of confidential/propriety information
- Deliberate violation of law/regulation
- Wastage/misappropriation of company funds/assets
- Breach of Company Policy or failure to implement or comply with any approved Company Policy
- Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.
- **Review Clause**-The policy should be reviewed once in a year.

