

MICRO HOUSING FINANCE CORPORATION LTD

WHISTLEBLOWER POLICY/ VIGIL MECHANISM POLICY (w.e.f Jan 1, 2015)

Policy Statement

The general purpose of this policy is to protect any person who makes a good faith disclosure of suspected wrongful conduct or violations of the Micro Housing Finance Corporation Ltd (“MHFC”) Code of Ethics. MHFC prohibits any discrimination, retaliation or harassment against anyone making such a report, or participating in an investigation and encourages an atmosphere that allows individuals to raise concerns, and/or to meet their obligations to disclose violations of law and serious breaches of conduct covered by MHFC policies and be free of discrimination, retaliation, threats or harassment.

The Vigil mechanism is implemented not only as a safeguard to unethical practices but also to provide mechanism for reporting genuine concerns or grievance as provided in Section 177 (9) and (10) of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014.

Definitions

Definitions of some of the key terms used in this mechanism are given below:

- a. Protected disclosure: Any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the company.
- b. Whistle-blower: An individual who makes a protected disclosure under this mechanism. This could be an Employee, Director, Vendor, Supplier, Dealer and Consultant, including Auditors and Advocates of MHFC.
- c. Audit Committee: An audit committee is an operating committee formed by the Board of Directors in accordance with Section 177 of the Companies Act 2013 and charged with oversight of financial reporting and disclosure.
- d. Board of Directors: A body of elected or appointed members who jointly oversee the activities of the company.
- e. Investigators: Selected employees or third parties authorised by the Board to conduct investigations to ascertain the creditability of such whistle-blower complaints.
- f. Subject: means a person against whom, or in relation to whom a Protected Disclosure is made.

Overview

Effective whistle-blowing procedure has been enabled in the company to act as a deterrent to malpractices, encourage openness, promote transparency, underpin the risk management systems & help protect the reputation of MHFC. This policy defines and lays down the process for raising a 'protected disclosure', the safeguards in place for the individual raising a protected disclosure, the roles and responsibilities of all involved and also sets the time lines for all processes to be followed. In all instances, MHFC retains the prerogative to determine when circumstances warrant an investigation and, in conformity with this policy and applicable laws and regulations, the appropriate investigative process to be employed.

Objective

Whistle Blower/Vigil Mechanism Policy has been established, intending to achieve the following objectives:

- Establish a single, no threat window; whereby an individual, who is aware of any, perceived wrongdoing in the organization, is able to raise it.
- Ensure appropriate investigations of the report, timely institutional response & remedial action.

Scope & Eligibility

The policy applies to all permanent employees and partners of MHFC. This policy should not be used in place of any grievance redressal mechanism.

All employees, directors, vendors, suppliers, dealers and consultants, including auditors and advocates who are associated with MHFC can raise concerns regarding malpractices and events which may negatively impact the company.

The policy covers malpractices and events, including but not limited to:

- a. Inaccuracy in maintaining the Company's books of account and financial records
- b. Financial misappropriation and fraud
- c. Conflict of interest
- d. False expense reimbursements
- e. Misuse of company assets & resources
- f. Inappropriate sharing of company sensitive information
- g. Corruption & bribery

- h. Unfair trade practices & anti-competitive behaviour
- i. Non-adherence to safety guidelines
- j. Child labour
- k. Discrimination in any form
- l. Violation of human rights

All matters not covered under this mechanism can be reported directly to your Head of Department or your Human Resources contact.

Procedure

Reporting a Protected Disclosure: Eligible individuals may submit protected disclosure/s anonymously; however it is recommended that the reporting is done in writing (English, Hindi or in the regional language of the place of employment), so as to assure a clear understanding of the issue. Such reports should be factual rather than speculative and should contain as much specific information as possible, to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures. The whistle-blower need not prove the concern but must demonstrate sufficient grounds for raising the concern. The whistle-blower should also refrain from obtaining evidence for which s/he does not have a right of access and no organisational support shall be extended to the whistle-blower for having obtained any information illegally.

Reporting Process: The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the whistle-blower. The Chairman of MHFC / Member of the Board of Directors, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the investigators for investigation. The protected disclosure could be submitted through any of the channels mentioned below:

- (A) All Protected Disclosures **concerning financial / accounting matters & complaints** pertaining to other employees should be addressed to the Chairman of MHFC for investigation.

To,
Mr. Madhusudan Menon
Chairman, MHFC Ltd
Office no. 1,2,3,4, Ground Floor,
Pushpak Co-operative Housing Society Ltd.,
Malaviya Road, Vile Parle (East), Mumbai 400 057
Email: madhu.menon@mhfcindia.com
Contact No: 9821081532

(B) All Protected Disclosures pertaining to **any matter other than financial / accounting matter and also those pertaining to the employees at the higher level** should be addressed to a member of the Board of Directors – specifically either **Ms. Mona Kachhwaha** (mona@caspi.in) or **Ms. Geeta Goel** (geeta.goel@msdf.org).

(C) In addition, under exceptional circumstances where a complainant wants to complain directly to the Chairman of the Audit Committee, he or she may do so. The Chairman of the Audit Committee may choose to discuss the matter with the complainant prior to initiating any review or investigation.

(D) If a Protected Disclosure is received by any executive of the Company other than the Chairman or a Member of the Board, as defined above; the same should be forwarded to them for further appropriate action. Appropriate care must be taken to keep the identity of the whistle-blower confidential.

Process of Investigation: The following investigation procedure will be adhered to on receipt of the protected disclosure:

- In event of any protected disclosure received by any of the above mentioned authorities, it shall be determined whether the disclosure actually pertains to an unethical activity within 5 business days of receipt of the disclosure. If the disclosure is against any member of the Management; such member shall not participate in the proceedings and will be suspended from the body, pending decision.

- The Chairman / Member of the Board may at their discretion, consider involving any Investigators for the purpose of investigation. The case shall be put across to the Board for further investigation. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Board when acting within the course and scope of their investigation.

- Technical and other resources may be drawn upon as necessary to augment the investigation. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.

- The decision to conduct an investigation taken by the Chairman / Member of the Board 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.

- The involved parties shall be provided sufficient and fair opportunity to prove / justify his / her case, including individual hearing as may be required, and shall ensure complete fairness in the process of investigation. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

- The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure. 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.

Reporting

The Chairman shall submit a report to the Board of Directors on a regular basis about all Protected Disclosures referred to him / her since the last report together with the results of investigations, if any. All cases registered under the Whistle Blower / Vigil Mechanism Policy shall be presented at Board Meetings.

Retention of Documents

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 seven years.

Remedies & Discipline: If the Company determines that a compliance or ethical violation has occurred, it will take the following actions as deemed fit to correct it.

Any individual or identity found guilty of wrong doing will be subject to disciplinary action up to and including termination of employment or legal action, based on severity.

Appropriate procedures, policies and controls will be established in all departments to ensure early detection of similar violation.

During the investigation period or at any time thereafter, if any individual or identity is found to be:

Retaliating against the complainant,

Coaching witnesses or,

Tampering with evidence,

it could lead to disciplinary action including termination of employment & or legal proceedings, as deemed fit.

Disqualification

In case, the Board concludes that the protected disclosure has been made malafide and is a false accusation or is an abuse of policy, then appropriate action including termination against the individual or identity making the disclosure will be taken.

Some disclosures may not result in any investigation or action at a later stage even though they are made in good faith. In such circumstances, no action would be initiated against the submitter of information.

Whistle-Blower Protection

MHFC will use best efforts to protect whistle-blowers against retaliation. The Company will keep the whistle-blower's identity confidential, unless:

- The individual agrees to be identified;
- Identification is necessary to allow the Organisation or law enforcement officials to investigate or respond effectively to the report;
- Identification is required by law; or
- The individual accused of compliance violations is entitled to the information as a matter of legal right in disciplinary proceedings.

The Organisation prohibits retaliation against a whistle-blower with the intent or effect of adversely affecting the terms or conditions of employment including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or wages. The whistle-blower shall be seen essentially as a witness and not as a complainant. Whistle-blowers who believe that they have been retaliated against; may file a written complaint with the Chairman of the Audit Committee. A proven complaint of retaliation shall result in a proper remedy for the individual harmed and disciplinary action including termination of employment against the retaliating individual. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

Review Periodicity

This policy shall be reviewed every year along with the other policies of the company. However, it shall be reviewed earlier by the Management Committee (and reported to the Board at the next meeting) if need arises for the same and / or under special circumstances, for example a change in law.