



WHISTLEBLOWING POLICY

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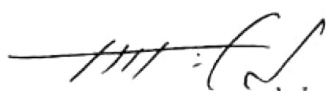
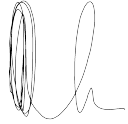
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Definition of Terms

Complaint

An allegation or concern that is subject to investigation by the appropriate authority.

Detriment

Victimization or retaliation of a whistle blower which can take any or a combination of the following forms: dismissal, termination, redundancy, undue influence, duress, withholding of benefit and/or entitlements and any other act that has negative impact on the whistle blower.

Good Faith

This is evident when a report or concern is made without malice or consideration of personal benefit and the employee has a reasonable basis to believe that the report is true, provided, however, a report does not have to be proven to be true to be made in good faith. Good faith is lacking when the disclosure is known to be malicious or false.

Investigation

A process designed to gather and analyse information in order to determine whether misconduct has occurred and if so, the party or parties responsible.

Misconduct

A failure by a staff member or other relevant stakeholder to observe the rules of conduct or standards of behaviour prescribed by an organization.

Suspect

A person who is alleged to have committed a misconduct and subject of investigation.

Whistle-blower

Any person(s) including employee, management, directors, depositors, service providers, creditors and other stakeholders of an institution who reports any form of unethical behaviour or dishonesty to the appropriate authority.

Whistleblowing

The act of reporting an observed or perceived unethical misconduct of employees, management, directors and other stakeholders of an institution by an employee or other person to appropriate authority. It is an early warning system that enables an organization to find out when something is going wrong in time to take necessary corrective action.

1. Introduction

Microloan Foundation (Malawi) Limited (MLF) in ensuring a high ethical standard in all its operational activities has established a code of ethics which sets out the standard of conduct expected in the management of its businesses activities. All stakeholders are expected to comply with these standards in the discharge of their duties.

MLF's whistleblowing policy provides a channel for its employees and other relevant stakeholders to raise concerns about workplace malpractices in a confidential manner for MLF to investigate alleged malpractices and take steps to deal with such in a manner consistent with policies and procedures, and relevant regulations.

Whistleblowing for the purpose of this policy is the act of reporting perceived unethical conduct of employees, Management, directors, and other stakeholders by an employee or other persons to appropriate authorities.

This policy and procedures manual outlines MLF's policy on whistleblowing and the procedure for investigating and dealing with all reported cases of illegal and unethical conduct, as well as any other misconduct across the organization. This policy is in compliance with the requirements of various regulatory authorities with oversight on the activities of MLF.

2. Objective of the Policy

This policy and procedures manual is intended to encourage staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, management, directors and other stakeholders across MLF to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concern(s) under this policy. Specific objectives of the policy are:

- a) To ensure all employees feel supported in speaking up in confidence and reporting matters they suspect may involve improper, unethical or inappropriate conduct within the organization;
- b) To encourage all improper, unethical or inappropriate behaviour to be identified and challenged at all levels of the organization;
- c) To provide clear procedures for reporting and handling such concern(s);
- d) To proactively prevent and deter misconduct which could impact the financial performance and damage MLF's reputation;
- e) To provide assurance that all disclosures will be handled seriously, treated as confidential and managed without fear of reprisal of any form;
- f) To help promote and develop a culture of openness, accountability and integrity.

3. Scope of the Policy

This policy and procedures manual is designed to enable employees and other relevant stakeholders to report any perceived act of impropriety which should not be based on mere speculation, rumours and gossips but on knowledge of facts. Reportable misconducts covered under this policy include:

- a) All forms of financial malpractices or impropriety such as fraud, corruption, bribery, theft, abuse and concealment;
- b) Failure to comply with legal obligations, statutes, and regulatory directives;
- c) Actions detrimental to Health and Safety or the work environment;
- d) Any form of criminal activity;
- e) Improper conduct or unethical behaviour that undermines universal and core ethical values such as integrity, respect, honesty, accountability and fairness;
- f) Other forms of corporate governance breaches;
- g) Connected transactions not disclosed or reported in line with regulations;
- h) Non-disclosure of interests;
- i) Any abuse, sexual or physical abuse of staff, children, customers, prospective staff, service providers and other relevant stakeholders;
- j) Attempt to conceal any of the above listed acts.

The above listed reportable misconducts or concerns are not exhaustive. However, judgment and discretion is required to determine misconduct that should be reported under this policy. The general guide in identifying reportable misconduct is to report concerns that are repugnant to the interest of MLF and the general public and ensure that appropriate sanctions are applied.

This policy covers the activities of MLF without prejudice to the requirements by regulators who may put in place their respective whistleblowing policies. This policy also does not cover individual staff grievances and other employee related matters already covered in MLF HR policy handbook.

4. Board and Management Commitment to the Policy

The Board and Management are aware that a robust internal system for employees and other relevant stakeholders to disclose workplace malpractices without fear of reprisal shows that employees take their responsibilities seriously and also helps to avoid the negative publicity that often accompanies disclosures to external parties. Hence, the Board of Directors and Management are committed towards promoting a culture of openness, accountability and

integrity and will not tolerate any harassment, victimization or discrimination of the whistle-blower provided such disclosure is made in good faith with reasonable belief that what is being reported is fact.

5. Policy Statement

MLF is committed to the highest standards of openness, probity, accountability and high ethical behaviour by helping to foster and maintain an environment where employees and other stakeholders can act appropriately, without fear of reprisal. To maintain these standards, MLF encourages employees and relevant stakeholders who have material concerns about suspected misconduct or any breach or suspected breach of law or regulation that may adversely impact the organisation, to come forward and report them through appropriate channels (in certain cases on a confidential basis) without fear of retribution or unfair treatment.

MLF's intention of this policy is to encourage employees and other relevant stakeholders to report and disclose improper or illegal practices or activities. As such, MLF is committed to investigating promptly any reported misconduct and to protect those who come forward to report such activities. MLF further assures that all reports shall be treated in strict confidence.

MLF operations policy and procedures are intended to detect and prevent or deter improper activities. However, the best systems of controls may not provide absolute safeguards against irregularities. This policy is intended to investigate and take appropriate action against any reported misconduct or concern.

6. Roles & Responsibilities

The following are the roles and responsibilities of key parties in the whistleblowing process:

	Responsible Officer	Responsibilities
6.1	Whistle-blower	Whistleblowers are expected to act in good faith and should refrain from making false accusations when reporting his/her concern(s) and also provide further evidence at his/her disposal to aid investigation of the issues reported
6.2	Suspect	A suspect has a duty to cooperate with investigators during the period of investigation including provision of relevant information, documents or other materials as may be required by the investigator.
6.3	Investigator/ MLF Internal Auditor /Designate	MLF's Internal Auditor is expected to promptly handle all matters with a high level of professionalism and confidentially.

		<p>The Auditor shall be independent and unbiased in carrying out the investigation. The Internal Auditor has the responsibility of acknowledging all concerns reported and reporting on the progress of the investigation to the whistleblower.</p> <p>The Internal Auditor shall on a quarterly basis provide to the Chairman of the Board Credit & Risk and the Audit and Finance Committee a summary of all cases reported and the result of the investigation.</p>
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7. Whistleblowing Procedure

The whistleblowing procedure involves steps that should be taken by the whistle-blower in reporting misconduct and steps required for the investigation of the reported misconduct. The following procedures shall guide the whistleblowing process:

7.1 Internal Whistleblowing Procedure

Internal whistleblowing involves staff members across MLF raising concerns about unethical conduct. The following procedure shall be adopted for the purpose of internal whistleblowing:

Steps		Action
1.	Raising concern(s) by whistle-blower	<p>An internal whistle-blower may raise concern through any of the following media (this can be done either by declaration or in confidence/ anonymously via the following methods:</p> <ul style="list-style-type: none"> (a) By Formal letter to the Chief Executive Officer or Internal Auditor of MLF. (b) Dedicated whistle blowing phone number: +265 992 969 310 (c) Via the dedicated email addresses: <i>whistleblowing@mlf africa.org</i> or <i>microloanmalawi@gmail.com</i>. (d) Where the concern is received by staff other than the Chief Executive Officer or Internal Auditor, the recipient of such concerns shall be required to immediately pass the concern(s) to the Internal Auditor with a copy to the Chief Executive Officer. If the concerns affect the Internal Audit role(s), the CEO is notified and where the

		<p>CEO is involved such concern shall be directed to the Chairperson of the Board's Credit and Risk/Audit and Finance Audit and Finance Committee.</p> <p>The concern(s) shall be presented in the following format:</p> <ul style="list-style-type: none"> (a) Background of the concerns (with relevant dates and facts) (b) Reason(s) why the whistleblower is particularly concerned about the situation. <p>Disciplinary measures in line with the HR policy shall be taken against any staff that receive concerns and fails to escalate. Also, disciplinary measures shall be taken against an internal whistle-blower who has acted out of malice.</p>
2.	Investigate the concerns and update on progress of the investigation.	<p>The Internal Auditor shall on receipt of the concern(s) acknowledge receipt of the concern from the whistle-blower within 5 working days and immediately commence the investigation.</p> <p>The purposes of investigation are to:</p> <ul style="list-style-type: none"> (a) Establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent; (b) Minimize the risk of further wrongdoing, prevent any further loss of assets, damage to the group's reputation and if possible, protect all sources of evidence. <p>If the preliminary investigation shows that the concern falls within the whistleblowing reportable concerns, then further investigation shall be carried out. If otherwise or the concern is outside the reportable misconduct, then the Internal Auditor shall refer the matter to appropriate quarters for further action.</p> <p>Where necessary the Internal Auditor shall give update of the progress of investigation to the whistle blower if the concerns fall within the reportable concerns.</p>

		<p>Finally, if the concern raised by the whistle-blower is frivolous or unwarranted, the Internal Auditor shall ignore such concern and if necessary, engage the Head of Shared Services to apply disciplinary measure in line with Human Resources policy to the staff that raised the concern out of malice.</p> <p>Where it is established that a criminal activity has taken place, the matter may be referred to the Malawi Police Service and where necessary, appropriate legal action shall be taken.</p>
3.	Report on the investigation and take the necessary action in line with the report.	<p>Upon conclusion of investigation, the Internal Auditor shall submit the final report to Human Resources and other appropriate authority for further action(s).</p> <p>The Internal Auditor shall escalate the final report to the CEO. In addition, all quarterly reports must be submitted to the CEO so that he/she can be kept abreast of developments on whistleblowing issues within the organization.</p> <p>All disciplinary action relating to the report shall follow MLF HR Policy's disciplinary procedure.</p>
4.	Non-Satisfaction with the result of investigation/action	<p>In the event that the whistle-blower is not satisfied with the extent of investigation and/or the action taken based on the outcome of the investigation, the whistle-blower is at liberty to report to the Chairman of the Board Credit and Risk/Audit and Finance Committee.</p> <p>Any internal whistle-blower that feels victimized can report such grievance(s) to the Chairman, Board's Credit and Risk/Audit and Finance Committee. This is without prejudice to the fundamental right of the internal whistle-blower to seek redress in the court of law.</p>

7.2 External Whistleblowing Procedure

External whistle-blowers are non-staff of MLF. External whistle-blowers can fall into any of these categories: contractors, service providers, women, shareholders, depositors, analysts, consultant, job applicants, and the general public. External whistleblowing shall follow the following procedure:

Steps		Action
1	Raising concern(s) by external whistle-blowers.	<p>An external whistleblower may raise concerns through any of the following media (this can be done either by declaration or in confidence/anonymously):</p> <ul style="list-style-type: none"> (a) By a formal letter to the CEO or Internal Auditor. (b) Via a dedicated phone number as indicated: +265 992 969 310 (c) Via the dedicated email addresses: <i>whistleblowing@mlf africa.org</i> or <i>microloanmalawi@gmail.com</i> <p>Where the concern is received by staff other than the CEO and Internal Auditor, the recipient of such concerns shall be required to:</p> <ul style="list-style-type: none"> (a) Immediately pass the concern(s) to the Internal Auditor with copy to the CEO but ensuring confidentiality of the concern; (b) If the concerns affect the Internal Audit, the CEO is notified, and where CEO is involved, such concern shall be directed to the Chairman of the Board.
2	Investigation of concerns and update on progress of investigation.	<p>Internal Auditor shall on receipt of the concern(s) acknowledge receipt from the whistle-blower within 5 working days, and immediately commence an investigation. The purpose of investigation is to:</p> <ul style="list-style-type: none"> (a) Establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent. (b) To minimize the risk of further wrongdoing, prevent any further loss of assets, damage to MLF's reputation and if possible, protect all sources of evidence. (c) If the preliminary investigation shows that the concern falls within the whistleblowing reportable concerns,

		<p>then further investigations shall be carried out. If otherwise, the Internal Auditor shall refer the matter to the appropriate quarters for further action.</p> <p>However, if the concern raised by the whistle-blower is frivolous or unwarranted, the Internal Auditor shall ignore such concern.</p> <p>Where it is established that a criminal activity has taken place, the matter may be referred to the Malawi Police Force and where necessary, appropriate legal action taken.</p> <p>Where necessary the Internal Audit shall give update of the progress of investigation to the whistle-blower.</p>
3	Report on investigation and action on report.	<p>Upon conclusion of investigation, the Internal Auditor shall submit the report to the Head of Shared Services or the appropriate authority for further action(s).</p> <p>The Internal Auditor shall escalate the final report to the CEO. All quarterly related to whistleblowing issues must also be submitted timely to the CEO so that he/she can be kept abreast of developments of whistleblowing issues in the organization.</p> <p>If the concern(s) relates to CEO, the matter shall be referred to the Chairman of the Board for further action.</p> <p>If the concern(s) relates to an external party (service provider), then MLF shall immediately review the Service Level Agreement with such service provider, and if necessary, terminate the agreement.</p>
4	Non-satisfaction with the result of investigation or action.	<p>In the event that the whistle-blower is not satisfied with the extent of investigation and or the action taken based on the outcome of the investigation, the whistle-blower is at liberty to report to the Chairman of the Board's Credit and Risk/ Audit and Finance Committee for further action.</p>

An external whistleblower shall be at liberty to report to appropriate regulatory body or seek further redress in the court of laws if he/she is not satisfied with the action taken to address the concern(s).

8. Time Limit for Investigation

It shall be the policy of the MLF to handle investigations promptly and as fairly as possible even whilst it might not be possible to set a specified timeframe for the conclusion of investigation given the diverse nature of potential concerns that may make this impracticable.

Notwithstanding, the Internal Auditor shall endeavour to resolve all concerns within 4 weeks. Where for any reason, proper resolution is unable to be achieved within this timeframe; the Internal Auditor shall advise the CEO accordingly, and report to the Chairman, Board Credit and Risk/Audit and Finance Committee.

9. Protection and Compensation for Whistle blower

It shall be the policy of MLF to protect whistle-blowers who disclose concerns, provided the disclosure is made:

- i. In the reasonable belief that that it is intended to show malpractice or impropriety;
- ii. To an appropriate person or authority in good faith without malice or mischief.

While all disclosures resulting from whistleblowing shall be treated with high level of confidentiality, staff and other relevant stakeholders are encouraged to disclose their name to make the report more credible.

MLF shall take the following into consideration in considering unanimous disclosure:

- i. Seriousness of the issues being reported;
- ii. The significance and credibility of the concern;
- iii. The possibility of confirming the allegation.

MLF shall not subject a whistle-blower to any detriment. Where a whistle-blower feels unfairly treated owing to his/her actions, the whistle-blower shall be at liberty to report to the Reserve Bank of Malawi/ Ant-Corruption Bureau or any other regulatory body with oversight on MLF`s businesses. This is without prejudice to the right to take appropriate legal action.

Where necessary, compensation of whistle-blowers whether internal or external that have suffered detriment shall be at the discretion of Management taking

into consideration regulatory guidance on compensation of whistle-blower to be issued from time to time.

Any retaliation, including, but not limited to, any act of discrimination, reprisal, harassment, suspension, dismissal, demotion, vengeance, or any other occupational detriment, direct or indirect, recommended, threatened or taken against a whistle-blower because he/she has made a disclosure in accordance with this policy will be treated as gross misconduct and dealt with accordingly.

Whistle-blowers must ensure that they do not make disclosure outside of the prescribed channels (e.g., social or news media) because their disclosures may not be protected.

10. Wider Disclosure / Tip offs

A whistle-blower whether internal or external may elect to disclose directly to any of the following government regulatory bodies that have oversight of the activities of MLF and whistle blowing in general:

Reserve Bank of Malawi

*Box 30063,
Capital City,
Lilongwe 3,
Malawi
Tel: +265 (0) 1 770 600/1 771 600
Fax: +265 (0) 1 772 752 /1 774 289
Email: reserve-bank@rbm.mw*

Anti-Corruption Bureau

*Mulanje House
PO Box 2437
Lilongwe, Malawi
Tel: +265 (0) 1 757844/ 1757682
Email: acbll@sdp.org.mw*

11. Embedding a Strong Whistle-Blowing Regime across the MLF

While regulation and best practice in corporate governance requires entities irrespective of their size and location to have a whistleblowing policy, MLF believes that simply having a whistleblowing policy is not enough to create a culture in which employees are genuinely encouraged to disclose unethical behaviours. In creating an enabling environment which ensures that whistleblowing regime is effective across MLF, the following measures must be adopted:

Measure		Description
1	Board and Management commitment.	The Board and Management are expected to clearly support and sponsor whistleblowing in their entities. This will include respecting the policy and dedicating a senior management staff preferably the Auditor as the advocate for whistle-blowing, who shall be authorized to implement and undertake investigations.
2	Communication and Training	All employees in non-headquarters business units and branches should be aware of the existence of a whistleblowing regime. This can be achieved through regular compulsory training, emails and presentations. Declaration by all staff of having read and understood the policy should also be encouraged.
3	Proper Investigation and Action	All whistleblowing disclosures or concerns must be investigated promptly and properly, and appropriate action taken upon conclusion of the investigation. Furthermore, all whistleblowing investigations shall be kept confidential.
4	Feedback on the effectiveness of policy.	Surveys on the effectiveness of the policy should be conducted at regular intervals. The below questions may be used to gauge the effectiveness of the policy: (1) Have you read the whistleblowing policy? (2) If yes, when last did you read the policy? (3) Do you know who to contact to make disclosure? (4) Do you feel you work in an open environment in which you are encouraged to speak up and you can safely?
5	Rewards	A reward system to encourage a strong and effective whistleblowing culture can be institutionalised in MLF.

12. Ownership and Frequency of Review

This policy document remains the property of Microloan Foundation Malawi. However, its custody and management shall rest with the Internal Controls Manager.

This policy and procedures manual shall be subject to review every two (2) years or as may be deemed necessary. All suggestions for review and or amendments shall be forwarded to the Internal Controls Manager.

This document shall be hosted and added to the MLF policy manual together with other MLF policies which are in custody of HRM. Specifically, the document shall be uploaded to the policy repository held on PurelyHR and all staff made aware of it from time to time. PurelyHR gives staff the capability to access these documents in real time and can download them for reference on demand.
