

## 1. INTRODUCTION

LAPO Microfinance Bank Limited (hereinafter called “the LAPO MfB or MfB ”) is committed to establishing and maintaining a culture with the highest standards of ethics, honesty, transparency and accountability where staff can report any legitimate concerns in confidence in every area of its operation.

LAPO MfB’s ’s Whistle-blowing Policy ("Policy") was developed in accordance with the Central Bank of Nigeria's ("CBN") Guidelines for Whistle-blowing for Banks and Other Financial Institutions in Nigeria 2014 ("Guidelines"), and Section 5.3.1 of the Code of Corporate Governance of Microfinance Banks in Nigeria, 2018 which require that banks and other financial institutions in Nigeria implement a whistle- blowing policy and render quarterly returns to the Central Bank of Nigeria (CBN) and Nigeria Deposit Insurance Corporation (NDIC) on all whistleblowing reports.. The provisions of the Guidelines, which represent the minimum standards of whistleblowing which banks are expected to comply with, are incorporated by reference into this policy.

The Guidelines define "whistle-blowing" as "the reporting of alleged unethical conduct of employees, management, directors and other stakeholders of an institution by an employee or other person to appropriate authorities." In simple terms, whistle-blowing is an activity aimed at encouraging people to voluntarily disclose information in good faith about illegal or fraudulent activities, unethical misconduct, etc.,

The Whistle-Blowing Policy aims to create a work environment where internal and external stakeholders can raise concerns on misconduct, irregularities or malpractices, without fear of harassment and/or victimization and with an assurance that their concerns will be taken seriously and investigated, and the outcome duly communicated.

## 2. OBJECTIVES OF THE POLICY

In line with LAPO MfB’s commitment to achieving and maintaining high standard of code of business conduct and ethics, while enhancing good Governance, transparency and safeguard the integrity of the organization, the Whistleblowing policy is intended to:

- (i) Provide an avenue for raising concerns related to any illegal or unethical behavior such as fraud, corruption and other misconduct;
- (ii) Provide assurance that those who disclose such information will be adequately

- protected and that action would be taken on the disclosure;
- (iii) Set out the Bank's written, formal whistle-blowing policy, consisting of responsible and effective procedures for disclosure or reporting of misconduct and impropriety so that appropriate remedial action can be taken if concerns are deemed legitimate;(ii) Ensure that all employees, management, directors of the Bank and other stakeholder understand what Whistleblowing is;
  - (iv) Encourage staff and other stakeholders to report unethical illegal conduct or other misconduct of employees, management, directors and other stakeholders to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising a concern under this policy;
  - (v) Communicate the MfB's commitment to protecting disclosures;
  - (vi) Inform internal and external stakeholders of the various ways of making a disclosure and to give clarity on these processes,
  - (vii) To set out the roles and responsibility of the MfB and its employees.
  - (viii) Set out the consequences of not complying with the Whistleblowing Principles

### 3. SCOPE OF THE POLICY

#### 3.1 Applicability

The Policy applies to all employees of LAPO MfB, and other stakeholders who may have genuine concerns about the operations of the MfB. It also applies to the MfB's part-time, temporary and contract employees and to all its Directors and representatives, including but not limited to the MfB's clients, consultants, agents and advisors, wherever they are located and whether they work for the MfB on a full or part-time basis. For the purpose of this all persons referred shall be known as "Stakeholders".

However, the report should not be based on mere speculations, rumors or gossip but on personal knowledge of verifiable facts or circumstances to indicate that the reportable misconduct has occurred.

#### 3.2 Issues Covered Under the Policy

The policy is intended to cover matters of serious impact on the Bank and shall include but not be limited to the following:

- i. All forms of fraud, impropriety or financial malpractice;
- ii. Rendition of false returns;
- iii. Failure to comply with laws, regulatory directives, administrative or internal policies ;
- iv. Injustice;
- v. Unauthorized disclosure of confidential information;

- vi. Unauthorized destruction of records;
- vii. Insider abuses;
- viii. Falsification of records;
- ix. Forgery (use of certificates, false declaration of age e.t.c);
- x. Endangering health or safety of the environment;
- xi. Commission of offence by Bank officers;
- xii. Obstruction of internal/external regulators and auditors;
- xiii. Leakage of confidential data;
- xiv. Bribery and corruption;
- xv. Sexual or physical abuse of employees, customer, vendors and other stakeholder;
- xvi. Unprofessional conduct;
- xvii. Non-disclosure of interest;
- xviii. Conflict of interest;
- xix. Stealing/theft of the Bank's assets/customers funds;
- xx. Abuse of Bank's or Client's resources and assets;
- xxi. Abuse of authority;
- xxii. Concealment of any malpractice;
- xxiii. Breach of Code of Corporate Governance issued by the Central Bank of Nigeria
- xxiv. Breach of the MfB's Code of Business Conduct and Ethics and Staff Code of Conduct

#### **4. COMMITMENT TO THE POLICY**

The Board of Directors and Management are committed to establishing a culture of integrity, transparency, openness and compliance in accordance to the ethics and values of the MfB.

The Board of Directors and Management of the MfB is committed toward promoting a culture of openness, accountability and integrity and as such will not tolerate any harassment, victimization or discrimination of a whistle-blower, provided such disclosure is made in good faith. Harassments or victimization in any form or manner against a genuine whistle blower is taken seriously and will be treated as gross misconduct, which if proven, will be given the necessary disciplinary action.

The MfB will create awareness on whistle-blowing to employees other stakeholders in the Bank and assure them of the confidentiality and their safety in writing.

## 5. BASIC PRINCIPLES

The basic principles of the MfB's Whistleblowing Policy are as follows:

### (i) Confidentiality

The MfB shall treat all disclosures in a confidential and sensitive manner. As part of this, the identity of any employee or stakeholder making an allegation may be kept confidential so long as it does not obstruct any investigation. However, the individual making the disclosure may need to provide a statement as part of the evidence gathering process and their identity may be revealed or implied as part of the investigating process. If a criminal investigation follows, the employee or stakeholder may be needed as a witness. If this occurs, the Head, Human Resources will notify the member of staff at the earliest opportunity.

The basic rights of any person implicated by the reported incidents must be respected, whilst ensuring that the procedures provided for are effective

### (ii) Anonymous Allegations

This policy allows whistle blowers to remain anonymous at their option. Concerns expressed anonymously will be investigated, but consideration will be given to;

- The seriousness of the issues raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

However, stakeholders should remember that if a whistle blower remains anonymous, it will be much more difficult for the MfB to investigate the matter and to give him/her feedback.

Also, the MfB may not be able to guarantee the protection of an anonymous whistle-blower. The MfB assures all whistle blowers that all matters reported to the specified Principal Officers shall be held in strict confidence and the highest level of confidentiality shall be maintained at all times. The MfB shall, to the extent possible under the law, make every effort to protect the confidentiality of anyone reporting a violation or suspected violation and anyone who gives useful information in the process of investigations.

### **(iii) Retaliation**

The MfB shall use its best efforts and capacity, to protect the identity and person of a whistle Blower. This will be in form of assurance of protection against retaliation from within and outside the MfB, as well as maintaining the confidentiality of the whistleblower's identity and person.

The MfB views retaliation or any form of reprisal against any whistle blower who reports a violation as a very serious offence. All cases of retaliation shall be reported to the specified Principal Officers who after investigation shall refer such issues to the Disciplinary Committee for appropriate sanctions. Where the retaliation is done by top management, the whistle blower has the right to report to the Chairman of Board of Directors and CBN

Where staff is threatened with retaliation as a result of making a report or rendering assistance in an investigation, the Head Internal Audit shall take some measures to prevent such action from taking effect. If the staff believes that a retaliatory action has already been taken against him/her, a written complaint shall be submitted to the Chief Compliance Officer/Head Internal Audit. All information and documentary evidence shall also be attached. The report shall then be investigated by the Disciplinary Committee and necessary action taken.

### **(iv) Malicious Accusations**

The MfB shall not condone any form of abuse of this policy by way of malicious accusations against an Employee, Director or Third party in an attempt to harm or discredit the Employee, Director or Third party. In the instances where the malicious accusation is generated by Counterparty, the MfB shall review its business relationship with such Counterparty and terminate any agreement between it and the Counterparty.

### **(v) Hiding Involvement in Criminal Activities**

Whistle-blowers who hide or conceal their own involvement in criminal activities and/or their own unethical behavior will not be protected from criminal prosecution, disciplinary action or civil liability;

### **(vi) Verification of Whistleblowing Report**

The reported incidents shall be verified in the appropriate manner and, if they are confirmed, the MfB shall take all necessary steps to identify appropriate remedies

## 6. WHO IS A WHISTLEBLOWER

A whistle-blower is "any person(s) whether internal or external including the 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. Whistleblower shall have a choice between a number of channels for whistleblowing and communication

### 6.1 TYPES OF WHISTLE BLOWERS

All stakeholders (internal and external) are key and therefore expected to play a vital role in deterring and detecting malpractices, wrongdoing or irregularity while the Board and Management provides assurance to all whistleblowers that there will be no reprisal by way of harassment or victimization arising from blowing the whistle.

There are two types of whistle blowers namely:

- Internal Whistle Blowers – employees, directors and shareholders of the MfB who are expected to report incidents of misconduct involving peer, supervisor/superior or top management staff to relevant reporting point.
- External Whistle Blowers - can fall into any of these categories: contractors, clients, suppliers, service providers, consultants, job applicants, partners and other members of the public who report wrong doings of employees, management or other stakeholders to the appropriate authorities.

## 7. REPORTING

### 7.1 Reporting Obligations

- (i) Any individual who has observed reportable misconduct can report his / her concerns to designated parties as prescribed by this Policy provided they are made in good faith, and the disclosure is true and reasonable.
- (ii) Employees are under obligation to report any suspected or presumed incidents of illegal behavior in the activities of the Bank or of serious misconduct or serious infringement of the Bank's rules, policies or guidelines, or any action that is or could be harmful to the mission or reputation of the Bank (hereinafter "irregularities") Such incidents may involve staff, clients, promoters, contractors, suppliers, beneficiaries or any other persons or entities that participate or seek to participate in activities financed by the MfB.
- (iii) Employees are under obligation to cooperate in any official investigation, audit

or similar request.

- (iv) No staff of the MfB may use his/her position to prevent other employees from exercising their rights or complying with their obligations as indicated above.

## **7.2 Internal /External Whistleblowing Reporting**

### **7.2.1 How to Raise Concerns**

A whistle blower may raise concern either by declaration or anonymously through any of the following:

- Formal letter or email to the Chief Compliance Officer and Head Internal Audit Department with a copy to the Managing Director;
- Directly to the Managing Director/Chief Executive Officer;
- Call or text to the dedicated phone number or send a mail to the dedicated whistle-blowing e-mail; or
- Through the MfB's website.

### **7.2.2 Reporting Format**

The concerns shall be reported in the following format:

- Background of the concerns (with relevant dates);
- Reason(s) why the whistleblower is particularly concerned about the situation; and;
- Supporting evidence for the allegations, (if available)

### **7.2.3 Conducting Investigation**

The purposes of investigation are to:

- Establish if an unethical behaviour based on the concerns(s) raised, and if so, to what extent; and
- To minimize the risk of further unethical behaviour, and prevent future occurrence.

## **7.3 Reporting Procedures**

- (i) All stakeholders will be provided with an Ethics designated phone numbers and email. The Ethics line provides an avenue for employees and other stakeholders to confidentially and anonymously report all incidents relating to the various categories of unethical conduct listed in above.
- (ii) All reports will be transcribed unto call sheet memoranda and transmitted to designated officers within LAPO MfB for appropriate investigation.
- (iii) Reports of any allegation relating to fraud, theft of company asset and human resource related matters shall be submitted to the specified Principal Officers.
- (iv) Whistle blowing matters relating to breach of Code of Corporate Governance for Microfinance Bank Operation in Nigeria and other types of unethical conduct shall be reported to the specified Principal Officers.
- (v) Where the matter relates to a report against a Director(s) and the Managing Director, irrespective of the type of incident, it shall be reported to the Chairman of the Board.

- (vi) In general, the report of the investigation should be sent to the Chief Compliance Officer for report rendition purposes.
- (vii) Whistle blowers are not required to disclose their identities to the Bank and external service provider (where applicable). In the event of the whistle blower willfully disclosing his/her identity, it shall remain undisclosed until the complainant provides written consent to the Bank or the external service provider (where applicable). These measures are necessary in order to maintain the confidentiality and anonymity of whistle blowers.
- (viii) Provided the allegation has been made lawfully without malice, the employment position of the person making it will not be adversely affected. It is the responsibility of Executive Management to ensure that whistle blowers are protected from victimization.
- (ix) The person or persons against whom the allegations are made shall be informed of the allegation and the evidence supporting it and must be allowed to comment in writing before investigations are concluded.
- (x) If on preliminary investigation, the allegation is adjudged to be wholly without substance or merit, the allegation shall be dismissed and the person making the allegation will be so informed through the ethics line service.
- (xi) Where an allegation is found to be valid, Executive Management shall constitute a Disciplinary Committee to review the matter and apply appropriate sanctions on the erring staff.
- (xii) Where necessary, the matter shall be reported to the law Enforcement Agency or appropriate Regulatory Bodies for any further sanction or prosecution.
- (xiii) All allegations, including those dismissed after preliminary examination, and the result of their investigation must be reported to the Audit Committee and the Board through the Environmental, Social & Governance Committee.
- (xiv) If someone who has made a whistle blowing allegation remains dissatisfied with the outcome of the investigation, the issue should be escalated to the Chairman of the Board of Directors. The whistle blower shall be encouraged to contact the Chairman of Board of Directors.



## 8. PROTECTION FOR WHISTLEBLOWER

8.1 Any whistle blower who reports an irregularity, provided that this is done in good faith and in compliance with the provisions of this policy, shall, be protected against any acts of retaliation.

8.2 For the purposes of this policy, "retaliation" is defined as any action or threat of action which is unjustly detrimental to the whistleblower because of his/her report, including, but not limited to, harassment, discrimination and acts of vindictiveness, direct or indirect, that are recommended, threatened or taken against the whistleblower. "Good faith" can be taken to mean the unequivocal belief in the veracity of the reported incidents, i.e. the fact that the whistle blower reasonably believes the transmitted information to be true.

8.3 The Bank shall not subject a whistle-blower to any detriment if case reported is credible and tenable. Where a whistle-blower feels unfairly treated owing to his/her actions, the whistle-blower shall be at liberty to report to the Central Bank of Nigeria (CBN) and Nigeria Deposit Insurance Corporation (NDIC). This is without prejudice to the whistle-blower to take appropriate legal action. For the purpose of clarity, **Section 4.9** of the Guidelines for Whistle Blowing for Banks and Other Financial Institutions in Nigeria as issued by the Central Bank of Nigeria (CBN) expressly describes the word "**detriment**" to include dismissal, termination, redundancy, undue influence, duress, withholding of benefits and/or entitlements and any other act that has negative impact on the whistle-blower.

8.4 Whistle blower, who makes a report in bad faith, particularly if it is based knowingly on false or misleading information, shall be subject to disciplinary measures.

8.5 The protection of a person reporting an irregularity shall be guaranteed first of all by the fact that their identity will be treated in confidence. This means that their name will not be revealed, unless the whistleblower personally authorizes the disclosure of his/her identity or this is a statutory requirement, particularly if it is essential to ensure that the right of the persons implicated to be given a fair hearing is upheld. In such a case, the MfB shall be required to notify the whistleblower before revealing their identity. However, unauthorised leakage of information including the disclosure of the identity of the whistle blower identity shall be sanctioned.

8.6 Where an allegation is made in good faith and the reporter has a reasonable belief in the truth of the allegation and after due investigations it turns out that the allegation is untrue, there will be no indictment against such person.

8.7 If a Whistleblower feels that his/her life is at risk because of an expression of concern, the MfB shall accord him/her a Whistleblower status by securing his safety and transferring such a staff to another job function within the bank, if need be.

8.8 Confidentiality of the whistle blower shall remain indefinite.

## 9. RIGHTS OF PERSONS IMPLICATED

The rights of any employee implicated by reports of irregularities under the whistle blowing policy shall be treated in line with the Bank's Human Resource policy.

## 10. WHISTLE BLOWING CHANNELS

A disclosure can be made through the following whistle blowing channels:

- i. Through the Banks website – <http://www.lapo-nigeria.org>
- ii. Through the whistle blowing hotlines –09059494136/ 08055086110 / 08055036948
- iii. Through the whistle blowing email address - [whistleblowing@lapo-nigeria.org](mailto:whistleblowing@lapo-nigeria.org)

Changes to any of the channels detailed above would be promptly communicated to all stakeholders by the MfB through the approved channels after which the policy would be amended accordingly.

## 11. TIME LIMIT FOR INVESTIGATION

In line with the policy, the MfB is committed to prompt resolution of all concerns or issues raised. If the investigation of whistleblowing complaint is not concluded promptly (that is within two weeks of receipt of complaint), the Chief Compliance Officer and Head Internal Audit must keep the Managing Director/CEO abreast of progress.

## 12. REPORTING

**12.1 Report to CBN:** The MfB is also required to render quarterly reports on compliance with the provisions of the whistle-blowing guidelines.

**12.2 Reports to Board Audit Committee:** The Head Internal Audit shall provide the Chairman of the Board Audit Committee with a summary of cases reported and the result of the investigation.

### 13. DISCIPLINARY ACTION

Disciplinary action may be taken against any employee(s) who do not comply with this Policy. Where such non-compliance constitutes gross misconduct it may result in dismissal.

### 14. DISCLOSURE TO REGULATORS

A whistleblower may choose to disclose directly to any of the following regulatory bodies:

S/N	Regulators	Contact Details
1	Central Bank of Nigeria (CBN)	Central Business District. P.M.B 0187 Garki Abuja. Phone:09-46237401 e-mail:anticorruptionunit@cbn.gov.ng
2.	Nigeria Deposit Insurance Corporation (NDIC)	Plot 447/448 Constitution Avenue Central Business District P.M.B. 284, Garki Abuja Phone: (09) 460 1380 - 9 (09) 617 1380 – 9 email: info@ndic.org.ng, helpdesk@ndic.org.ng

### 15. ADMINISTRATION OF THE POLICY

- I. The Chief Compliance Officer and Head Internal Audit Department has the overall responsibility for the operation and implementation of this policy. He/she ensures the maintenance of record of concerns raised and the outcome of the investigations.
- II. The Chief Compliance Officer and Head Internal Audit Department, in the collaboration with the specified Principal Officers shall propose to Management Committee any necessary amendments to these provisions from time to time.