

Muthoot Microfin Limited - Vendor Management & Sustainable Sourcing Policy

Policy Objective

Muthoot Microfin Limited (“MML” or “the Company”) recognises that responsible vendor management and sustainable sourcing are integral to ethical business conduct, operational efficiency, and environmental, social, and governance (ESG) performance.

This Policy establishes a structured yet practical framework to:

- Guide the selection, onboarding, and management of vendors
- Promote ethical, legal, and responsible sourcing practices
- Ensure transparency, accountability, and auditability in procurement activities

The Policy addresses ESG best practices and recommendations highlighted through external benchmarking and audit processes.

Scope And Applicability

This Policy applies to:

- All vendors, suppliers, service providers, contractors, and consultants engaged by MML
- Procurement undertaken at Head Office, Regional Office, and Branch Office levels

The Policy covers all procurement categories, including but not limited to:

- Office supplies and stationery
- Facility management, housekeeping, and security services
- IT hardware, software, and support services
- Printing, branding, logistics, and other operational services

Guiding Principles

Vendor management and sourcing decisions at MML shall be guided by the following principles:

- **Legal Compliance** – Engagement only with vendors complying with applicable laws and regulations.
- **Ethical Conduct** – Zero tolerance for bribery, corruption, child labour, or forced labour.
- **Local and Inclusive Sourcing** – Preference for local or nearby vendors at branch level where feasible.
- **Value for Money** – Cost-effectiveness without compromising quality or compliance.
- **Transparency and Documentation** – Clear records and audit trails for vendor engagement.
- **Risk-Based Approach** – Enhanced scrutiny for critical or high-risk vendors.

Vendor Categorisation

For implementation purposes, vendors shall be categorised as:

- **Routine Vendors:** Local or low-value vendors providing routine goods or services (e.g., stationery, minor repairs).
- **Critical Vendors:** Vendors providing essential services impacting business continuity or regulatory compliance (e.g., IT systems, security agencies, key service providers).

The extent of due diligence and monitoring shall be proportionate to the vendor category.

Vendor Selection And Onboarding

Selection Criteria

Vendors may be selected based on:

- Cost competitiveness and service quality
- Ability to meet operational requirements
- Compliance with statutory and regulatory obligations
- Alignment with ethical and sustainability expectations

Minimum Onboarding Requirements

For all vendors, the following documents shall be obtained and retained (physical or digital):

- Vendor name, address, and contact details
- Permanent Account Number (PAN)
- GST registration (where applicable)
- Bank account details

For Critical Vendors, additionally:

- Business registration / incorporation documents
- Acceptance of MML's Vendor Code of Conduct (Annexure)

Sustainable Sourcing and ESG Considerations

MML encourages vendors to:

- Comply with labour laws and provide safe working conditions
- Avoid child labour, forced labour, and discriminatory practices
- Minimise environmental impact where feasible
- Conduct business responsibly and ethically

Formal ESG certifications are not mandatory. A self-declaration or acceptance of the Vendor Code of Conduct is considered sufficient.

Vendor Code of Conduct

All vendors engaged by MML are required to adhere to the Vendor Code of Conduct set out in Annexure A to this Policy.

Material violations of the Vendor Code of Conduct may result in corrective action, suspension, or termination of the vendor relationship.

Monitoring And Performance Review

- Vendor performance and compliance may be reviewed periodically by the Admin / Procurement team or Branch Management.
- Issues related to quality, compliance, or conduct shall be addressed promptly.
- Repeated non-compliance or unethical behaviour may lead to discontinuation of the vendor.

No formal scoring mechanism is required; a practical, management-driven approach shall be followed.

Grievance Redressal Mechanism for Value Chain Partners

MML is committed to maintaining transparent, fair, and accountable relationships with its vendors and value chain partners. To support responsible business conduct, the Company provides a structured mechanism through which vendors may raise concerns relating to their engagement with MML.

- **Nature of Grievances**

Grievances may relate to:

- Payment matters or reconciliation issues
- Contractual performance concerns
- Unfair treatment or unethical conduct involving Company personnel
- Non-compliance with agreed terms
- ESG-related concerns, including labour or safety matters

This mechanism does not override contractual dispute resolution clauses and shall serve as a first-level resolution channel.

- **Reporting Channels**

Vendors may raise grievances through:

- The designated grievance email ID (to be notified in vendor communication)
- Written communication to Admin / Procurement
- Escalation to ESG / Compliance function, where appropriate

- **Process and Timelines**

- Acknowledgement of grievance – within 3 working days
- Preliminary review – within 7 working days
- Resolution, where feasible – within 21 working days

Where additional time is required due to complexity, the vendor shall be informed accordingly.

- **Confidentiality and Non-Retaliation**
 - Grievances shall be handled in a fair and confidential manner.
 - No retaliatory action shall be taken against vendors raising concerns in good faith.
 - Frivolous or malicious complaints may be dealt with appropriately under contractual terms.

- **Monitoring**

The Admin / Procurement team, in coordination with ESG / Compliance where required, shall maintain basic records of grievances received and their status. Summary trends may be reviewed periodically by Senior Management.

Roles and Responsibilities

Function	Key Responsibilities
Board of Directors	Approval of the Policy
Senior Management	Oversight and implementation
Admin / Procurement	Vendor onboarding, documentation, and records
Branch Management	Local vendor engagement within policy framework
ESG / Compliance	ESG alignment and audit support

Documentation and Audit Trail

- Vendor documents and records shall be maintained at branch or central level.
- Records shall be made available for internal audit, ESG audit, or regulatory review.
- This Policy and its annexures shall serve as formal evidence of MML’s sustainable sourcing intent.

Review of Policy

The Board will review this Policy periodically or as required to ensure that it remains consistent with the Board’s objectives and responsibilities.

Amendment of this Policy

The Board of Directors of the Company has the right to amend or modify this Policy from time to time, based on regulatory changes, business requirements, or internal assessments.

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Approved by : Board of Directors

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Annexure A – Vendor Code Of Conduct

1. Purpose

This Vendor Code of Conduct outlines the minimum ethical, legal, and social standards expected from all vendors engaged by Muthoot Microfin Limited (“MML”).

2. Legal And Regulatory Compliance

Vendors shall:

- Comply with all applicable laws, rules, and regulations
- Maintain valid registrations, licenses, and approvals
- Fulfil applicable tax and statutory obligations

3. Ethical Business Practices

Vendors shall:

- Conduct business with integrity and transparency
- Not offer, solicit, or accept bribes or improper benefits
- Avoid conflicts of interest in dealings with MML

4. Labour And Human Rights

Vendors shall:

- Not employ child labour or forced labour
- Comply with applicable labour laws and wage requirements
- Provide safe and healthy working conditions
- Treat workers with dignity and without discrimination

5. Health, Safety And Environment

Vendors shall:

- Follow basic health and safety practices relevant to their operations
- Take reasonable steps to minimise environmental harm
- Comply with applicable environmental regulations

6. Confidentiality And Data Protection

Vendors shall:

- Maintain confidentiality of MML’s information
- Use data only for authorised business purposes
- Prevent unauthorised disclosure of confidential information

7. Compliance And Enforcement

- Compliance with this Code is mandatory throughout the engagement period
- Material breaches may result in termination of the vendor relationship

8. Acknowledgement

Acceptance of a purchase order, work order, or contract from MML shall constitute acceptance of this Vendor Code of Conduct.