

Mercantile Investment Company Limited

WHISTLEBLOWER POLICY

Mercantile Investment Company Limited

ACN: 121 415 576

Dated 20 December 2019

1 INTRODUCTION AND PURPOSE

Mercantile Investment Company Limited and its subsidiaries (**the Company**) promotes and supports a culture of good corporate governance and values a workplace culture with open communication regarding the Company's business practices.

The purpose of this Whistleblower Policy (**Policy**) is:

- (a) to ensure that we observe the highest standards of corporate governance, risk management and integrity; and
- (b) to ensure our stakeholders can report Disclosable Conduct safely, securely and with confidence that they will be protected and supported; and
- (c) to fulfil the Company's obligations under, and promote the operation of, the Whistleblower Laws.

This Policy details the framework for receiving, investigating and addressing allegations of Disclosable Conduct

2 WHO DOES THIS POLICY APPLY TO?

This Policy applies to Mercantile Investment Company Limited (ACN 121 415 576) (referred to as 'the Company', 'we', 'our') and its subsidiaries. The Company recognises the key role played by Sandon Capital Pty Ltd (ACN 130 853 691) in the affairs of the Company. Sandon Capital Pty Ltd provides investment management services and other administration services to the Company, which has no employees of its own other than the directors.

3 WHAT IS A WHISTLEBLOWER?

For the purpose of this Policy, a whistleblower is any employee or their families (current and past), directors, contractors or suppliers of the Company who, whether anonymously or not, makes, or attempts to make, a disclosure about Disclosable Conduct, and wishes to avail themselves of protection against reprisal under this Policy. In order to be entitled to the protections afforded under this policy, the whistleblower must have both a genuine belief and reasonable evidence that the Disclosable Conduct has occurred.

3 DISCLOSABLE CONDUCT

This Policy supports the reporting of allegations of serious wrongdoing (Disclosable Conduct). Examples of Disclosable Conduct include, but are not limited to, where the Company, or an officer or employee of the Company, has engaged in:

- (a) illegal conduct, such as theft, dealing in or use of illicit drugs, violence or threatened violence, and criminal damage against property;
- (b) fraud, money laundering or misappropriation of funds;
- (c) offering or accepting a bribe;
- (d) financial irregularities, including tax avoidance behaviour;
- (e) failure to comply with, or breach of, legal or regulatory requirements, including an unsafe work-practice or behaviour that poses a serious risk to the health and safety of any person at the workplace;

- (f) engaging in, or threatening to engage in, detrimental conduct against a person who has made a disclosure or is believed or suspected to have made or be planning to make a disclosure;
- (g) bullying, discrimination, coercion or harassment;
- (h) systemic failures within the Company; or
- (i) any other conduct which may cause a material loss to the Company or be otherwise detrimental to the Company's interests.

4 HOW TO MAKE A REPORT OF DISCLOSABLE CONDUCT

Whistleblowers should make their report in writing to, or by speaking directly with, the Whistleblower Protection Officer (WPO). The current WPO is the Chair of the Audit and Risk Committee. If the whistleblower believes the WPO to be compromised, the report should be made to another director or officer of the Company.

A report for Disclosable Conduct under this Policy can be made at any time (including out of normal business hours). Reports should include supporting documentation, the grounds for making the report and details of all relevant facts. The whistleblower must act honestly when making a report and must have both a genuine belief and reasonable evidence that Disclosable Conduct has occurred.

If the whistleblower wishes to remain anonymous they may request that their identity be kept confidential and claim details 'de-identified' (and may ask that this apply during and after any investigation). Any report of Disclosable Conduct that is made anonymously will still be protected under the Whistleblower Laws. A whistleblower who wishes to remain anonymous should maintain ongoing two-way communication with the Company, so the Company can ask follow-up questions or provide feedback.

5 INVESTIGATION PROCESS

5.1 Whistleblower Investigations Officer

Where a report is made under this Policy and it is determined that an investigation is warranted, the WPO will appoint a Whistleblower Investigations Officer (WIO) to carry out or supervise the investigation. The WIO may be an employee of the Company or an external person independent of the area under investigation. Where necessary, the WIO may use an external investigator or expert to conduct or assist with an investigation. The WIO acts independently of the WPO and the responsibilities of these roles do not reside with one person.

When an investigation relates to the Company's WPO or a director, it will be directed to the Chair of the Company's board who will determine who the investigator will be.

5.2 Investigation procedure and confidentiality

Where a formal investigation is required, the Company and the WIO will take all reasonable steps to ensure that the investigation is conducted fairly, independently, without bias, in a timely manner and in accordance with the principles of natural justice.

The Company, the WPO and/or the WIO will as far as reasonably possible and, except as required by law, provide whistleblowers a guarantee of anonymity (if desired by the whistleblower), unless the whistleblower has consented in writing or the law requires disclosure in legal proceedings. The whistleblower may place restrictions on who knows the whistleblower's identity and on who is informed of their report, although there may be practical implications in investigating the report in this situation. However, the Company may not be

able to undertake an investigation (or an investigation may be limited) if it is not able to contact the whistleblower or if the report is made anonymously.

All files created with respect to a whistleblower report and investigation will be kept secure to preserve both the integrity of the files and their confidentiality. The Company cannot disclose information that is contained in a disclosure as part of its investigation process without the whistleblower's consent, except as required by law, unless:

- (a) the information does not include the whistleblower's identity;
- (b) the Company removes information relating to the whistleblower's identity or other information likely to lead to identification; and
- (c) it is reasonably necessary for investigating the issues raised in the disclosure.

5.3 **Persons the subject of a claim**

Individuals against whom an allegation is made will also be supported during the investigation process. Accordingly, the Company and the WIO will take all reasonable steps to treat any person who is the subject of a report of alleged Disclosable Conduct fairly, including by:

- (a) informing that person of the substance of the allegations that are the subject of the investigation;
- (b) offering that person a right to submit a response to the claim; and
- (c) informing that person about the substance of any adverse conclusion at the end of the investigation process.

6 **FINDINGS**

Once an investigation has been completed, the WIO will prepare an investigation report which will be given to the WPO and board of directors. The report will set out the findings of the allegations and a summary of the evidence (whilst preserving confidentiality/anonymity as required).

The WPO will review the investigation report and determine the appropriate action in relation to the report, which may include requiring further investigations, recommending disciplinary action, referring the matter to the Company's board of directors for determination and/or notifying regulatory bodies. Any possible criminal activity will be reported to the police and/or regulators where applicable.

If the whistleblower is not satisfied with the outcome of an investigation, they should advise the WPO and request that a review be conducted (or lodge a complaint with a regulator, such as ASIC or APRA). If the WPO decides that a review should be conducted, it will be conducted by an investigator who was not involved in the handling and investigation of the original disclosure. The Company is not obliged to reopen an investigation and it can conclude a review if it finds that the original investigation was conducted properly, or new information is either not available or would not change the findings of the original investigation.

7 **PROTECTION OF WHISTLEBLOWERS**

7.1 **Role of Whistleblower Protection Officer**

The WPO must take steps to safeguard the interests of the whistleblower, including:

- (a) maintaining the privacy and confidentiality of the whistleblower, including ensuring that communications and documentation are appropriately secured;

- (b) ensuring that all valid claims are taken seriously and investigated fairly;
- (c) keeping the whistleblower informed of developments, including progress and outcome of the investigation;
- (d) upon receiving an allegation of Disclosable Conduct, making an assessment of the risk to the whistleblower of any detrimental treatment occurring and implementing any necessary procedures to appropriately address this risk; and
- (e) monitoring the effectiveness of protections offered under this Policy.

7.2 Protections against reprisal

The Company is committed to protecting and respecting the rights of a whistleblower and will not tolerate any victimisation, detrimental treatment or retaliatory action against a whistleblower or a person who may make a claim under this Policy (or against their colleagues, associates, or family). Any such treatment will be treated as serious misconduct by the Company and may result in disciplinary action.

For illustrative purposes, a whistleblower must not be disadvantaged or victimised (by the Company or any of its employees or agents) by any of the following actions occurring because of their disclosure of Disclosable Conduct:

- (a) dismissal as employee;
- (b) harm or injury of an employee (including psychological harm);
- (c) alteration of an employee's position or duties to his or her disadvantage;
- (d) discrimination between an employee and other employees;
- (e) harassment or intimidation of a person;
- (f) damage to a person's property, reputation, business or financial position.

A whistleblower should inform the WPO if they feel they have been subjected to any behaviour that violates this Policy. A whistleblower may also seek independent legal advice or contact regulatory bodies, such as ASIC or APRA, if they believe they have suffered detriment.

7.3 Protections for whistleblowers against legal action

The Whistleblower Laws protect a whistleblower against certain legal actions related to making a whistleblower disclosure, including criminal prosecution, civil litigation, or administrative action. If you are a whistleblower, and consequently are the subject of an action for making a whistleblower disclosure, you may rely on this protection in your defence. However, this protection does not grant immunity to a person for any misconduct they were involved in that is revealed in the disclosure.

8 GENERAL

8.1 Compliance

It is a condition of any employment or engagement by the Company that all whistleblowers must comply at all times with this Policy. Where it is shown that a person (whether or not they purport to be a whistleblower) has made a false and/or misleading report, that conduct itself is considered a serious matter and may render the person concerned subject to disciplinary action or civil suit.

8.2 **Contacts**

Any queries in relation to this Policy, should be directed to:
The Whistleblower Protection Officer
Chair of the Audit and Risk Committee
Mercantile Investment Company Limited
Level 5, 139 Macquarie Street
Sydney NSW 2000
T: 02 8014 1188

8.3 **Review of the Policy**

This Policy will be reviewed periodically and may be amended, withdrawn or replaced from time to time and any recommended changes will be approved by the Board of the Company.

8.4 **Details**

| Owned By | Authorised By | Last Updated |
|-------------------|----------------------|---------------------|
| Company Secretary | Board of Directors | 20 December 2019 |