

Whistle Blowing Program

Whistle Blowing Committee Charter

Whistle Blowing Policy

Whistle Blowing Procedures



21st October 2019

Whistle Blowing Program

Overview

State Bank of Pakistan vide BPRD circular letter # 6 of 2nd March 2015 directed banks to formulate and implement whistle blowing program duly approved by their respective Board.

This document entails the Whistle Blowing Program comprising of 1) Whistle Blowing Committee Charter, 2) Whistle Blowing Policy and 3) Whistle Blowing Procedures.

Purpose

Silkbank Limited (SBL) is committed to conducting its business and working with all stakeholders maintaining high ethical standards in all its practices. In line with that commitment, it encourages all its stakeholders, to report their concerns against irregularities, financial malpractice, fraud & forgery, personnel harassment, improper conduct or wrong doing in the bank.

Despite all the rules, laws, regulations and practices to ensure good governance, there is always a possibility that somebody will come up with a method of plundering the resources for their personal or group benefits.

Whistle Blowing Program has been formulated to provide avenues to all stakeholders to submit concerns in a confidential manner, without any fear of reprisal, or victimization.

Establishing & Implementing Whistle Blowing Program

The Board Audit Committee (BAC) shall be responsible for the implementation of whistle-blowing program ensuring that the highest level of governance is involved in dealing with any matter that is raised under this program. The Board of Directors of the Bank also commit to support the BAC in managing the policy, for the best interest of its varying stakeholders.

Chairperson Board Audit Committee shall authorize the management to form a Whistle Blowing (WB) Committee. WB Committee shall formulate Whistle Blowing Program encompassing Charter, Policy and Procedures in purview of regulatory requirements.

Bank's whistle-blowing policy document must clearly indicate the official(s) responsible for receiving, handling and monitoring whistle-blow complaints. Names of the responsible official(s) shall be reviewed periodically by the Board's Audit Committee.

Scope of Whistle Blowing Program

In addition to complying with the SBP requirement, Whistle Blowing Program provides a mechanism to Bank's Shareholders, Employees, Customers, and Vendors, to report any activity which in their opinion may cause financial and/or reputational loss to the Bank without any fear of reprisal or adverse consequences. Such activities may include any irregularity, financial malpractice, fraud & forgery, personnel harassment, improper conduct or wrong doing in the bank which undermines bank's operation, financial position, reputation and mission.

The scope of this Policy includes, without limitation, unlawful acts or orders requiring violation of a law, gross waste, mismanagement, abuse of authority and resources of the Bank; fraud,

AUDIT GROUP

corruption, misconduct, collusive practices and any activity that undermines Bank's operations and mission.

Employee related complaints received by the committee will be resolved through HRD and customer complaints will be resolved through CS&Q. However, if customers / staff are not satisfied with resolution of HRD or CS&Q, then the complaints will be considered afresh by the whistle blowing committee. The HR or CS&Q, may call the services of FRMU, where required.

This program has not been designed to question financial or business decisions taken by the Bank nor should it be used to reconsider any matters which have already been suitably addressed under harassment, complaint, disciplinary or other procedures.

Program Review & Updation

Whistle Blowing Program (Charter, Policy and Procedure) is subject to review every three years or earlier if warranted by any events or BAC, however, regulatory directives/changes advised from time to time shall automatically become integral part of Whistle Blowing Program.

Whistle-Blowing Committee shall be responsible for keeping this document updated and proposing any changes/ modifications/ amendments to the Board Audit Committee for consideration and its further recommendation to the Board of Directors for approval.

Standards

All regulatory directives, applicable laws and policies of the bank.

Whistle Blowing Committee Charter

Purpose

Charter developed in line with SBP regulations and lays down structure, function and responsibilities of the committee.

Whistle Blowing (WB) Committee Formation

Management shall form a Whistle Blowing Committee under the supervision of Board's Audit Committee.

WB Committee shall formulate Whistle Blowing Policy and Procedure Framework in purview of regulatory requirements.

Independent Organization & Structure

In order to implement an independent and effective whistle blowing program, the Whistle-Blowing Committee shall comprise of senior officers from Compliance/Internal Control, Fraud & Risk Management Unit, Human Resources, and Internal Audit. In case members are changed due to internal transfers or resignation, the incumbent senior executive having equal or senior in rank/designation shall automatically become member of the committee. CEO approval will only be required in case of change in composition of the committee and in appointing Chairperson of the Committee.

Present Committee Members:

Name	Designation	WB Committee
Nadeem Qureshi	Head of Compliance & Internal Control	Chairperson
Muniza Sheikh	Head BRR and Regional Audit Head (South)	Member
Kaleem Ahmed	Head of HRD	Member
Umer Adil Madani	Head of Islamic Banking Audit & Cluster Audit	Member and Secretary to the Committee
Naushad Ahmed	Head FRMU	Member
Waqar-ul-Islam	Head of Employees Relations & Governance	Member

Meetings and Quorum

The Committee shall meet minimum four times a year. Meeting date shall be scheduled in advance; however, adjustments may be made as needed due to non-availability of member(s). In case of any important matter that may require committee's urgent attention, an emergency meeting may be called by the Chairperson.

At-least one member from Compliance, Audit and HRD must be present in the meeting.

In the absence of secretary to the committee, the chairperson shall nominate any member of the committee to act as secretary of the meeting.

WB Committee Responsibilities

The committee

- shall discuss and decide on all the issues (that come under the defined Whistle Blowing parameters) brought to their notice by the complainants and issue necessary directions to the management
- may assign any officer of the Bank it deems fit to investigate and submit a report on the complaint to the committee within a reasonable time
- shall ensure that Whistle-blower feels secure while reporting fraudulent, immoral, unethical or malicious activities
- shall ensure confidentiality of the complaint and security of the whistle blower from any adverse reaction which may happen due to the complaint
- shall ensure that in case a member of the committee is subject matter of the complaint, he/she is given opportunity to clarify his/her position but is not part of the meeting in which the subject issue is discussed
- may consider disciplinary action against employee or black listing a vendor if a deliberate false complaint made
- shall prepare necessary details for BAC information and seek BAC advice if required
- shall report MIS relating to issues/complaints along with management response to BAC periodically
- shall present names of the official(s) responsible for receiving, handling and monitoring whistle blown complaints to BAC for periodic review
- members shall utilize their departments in facilitating them for meetings/related affairs

Secretary to the WB Committee

Secretary to the Committee shall

- send notice and meeting agenda through email, preferably 3 days prior to the meeting
- coordinate with committee members and obtain necessary data/complaints
- take minutes of the meeting and preserve those for regulator verification
- prepare presentation for the BAC

Reporting to BAC/ Information Dissemination for BOD Meeting

WB Committee member/Audit shall submit update on whistle blowing issues to the Board Audit Committee (BAC) on quarterly basis. BAC will ensure that the Whistle Blowing Policy is fairly and consistently applied and there is zero tolerance for all violations, example fraudulent, unethical or malicious activities. . Review of the whistle blowing cases shall be done by BAC in its periodic meetings. Strict confidentiality will be observed in submission of the investigation reports.

Code of Corporate Governance Regulations 2019, requires Chairperson Board Audit Committee to report to BOD, synopsis of issues and information pursued under the whistle blowing policy, clearly disclosing how such matters were dealt with and finally resolved or concluded

Whistle Blowing Policy

The Whistle Blowing Policy formalizes the Bank's commitment to enabling its employees, shareholders and business associates to make fair and prompt disclosure of circumstances where it is genuinely believed that the Bank's business is being carried out in an inappropriate manner or in violation of applicable laws, or the policies, procedures and ethical values.

Purpose

Whistle Blowing is one of the modern techniques used for prevention / detection of the probable attempts of defrauding the organization and other malpractices by its employees, customers or other parties, by encouraging the stakeholders to raise their concerns against irregularities, financial malpractice, fraud & forgery, personnel harassment, improper conduct or wrong doing in the bank without fear and prejudice.

Whistle Blowing Policy is aimed to provide a platform for Whistleblowers to voice their concerns to appropriate pre-identified authority without any fear of revenge, such as fear for the loss of job, discrimination, victimization, harassment, etc., about any suspicious or undesired events / activities, which are against the policies of Silkbank Limited or may have an adverse impact on the business or goodwill of Silkbank Limited or in some cases even on the society at large.

Policy Objectives

The intended objectives of this policy are:

- To create awareness amongst stakeholders regarding the Whistle-Blowing Program
- To develop a culture of openness, accountability and integrity
- To provide an environment whereby all stakeholders can raise concerns without fear of retribution and with full confidence that their identities will not be revealed, and their legitimate personal interests will be protected.
- To enable Management to get an early warning signal about fraudulent, immoral, unethical or malicious activities or misconduct and take appropriate actions.
- The program aims to offer assurance to the whistle blower about secrecy, confidentiality
- Provide a swift and confidential process for rectifying malfeasance wherever and whenever it occurs in the Bank.

Responsibilities

- HRD will circulate Whistle Blowing Policy for the information of all employees of the Bank.
- HRD will establish the following communication channels for whistle blowing complaints:
 - A dedicated e-mail address that will be accessible by Chairperson BAC.
 - Whistle blowing forms on the bank's corporate website.
 - Where Whistle-blower sends communication on postal address given in this Policy, the HRD shall ensure that the unfiltered complaints are delivered directly to the Chairman BAC.
- HRD shall ensure that pre-printed forms (Annexure A) along with envelop be available at branches and other locations of the bank for facilitating complainants for lodging complaints. Complainants shall be advised to drop their complaints in the drop box.

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- In addition to pre-printed forms, IT shall make a portal on the intranet for lodging complaints/concerns by employees.
- HRD shall ensure that all employees of the bank are well aware of the whistle blowing program and methods of lodging complaints/concerns.
- All whistle blowing complaints received shall be retained at HRD as per bank's record retention policy.

Whistle-blower Protection/Confidentiality

The success of this Policy depends in part on the morals and professional ethics of the Whistle-blower as well as that of the respondent and also on the level of confidentiality maintained. However, retaliation by fellow work place employee(s) and harassment or victimization by management, are the major Whistle Blowing Policy disincentives to Whistle Blowing.

Therefore, to avoid the psychological pressures upon the Whistle-blowers as a result of Whistle Blowing, the Bank stands committed to safeguard the Whistle-blowers and maintain confidentiality of the matter as well as that of Whistle-blower identity. Except for inevitable situations, where disclosure of identity of the Whistleblower is essential (for instance, his / her statement/evidence is needed in court) or report of a complaint has to be disclosed to those who have a need to know in order to properly carry out an investigation of the complaint.

Protection that Bank can extend to Whistle-blower is limited to the Bank's capability, but any retaliatory action against any Whistle-blower as a result of whistle blown by such person under this Policy shall be treated as Misconduct and subject to disciplinary action.

Rewards/Incentives for Whistleblower

Management may offer incentives/rewards, as recommended by the committee and approved by CEO, on highlighting any issue that may benefit bank in terms of complying with the regulatory requirement or any monetary benefit or cost saving or operational efficiency.

- In case of anonymous Whistle Blowing no such reward shall be given in any situation or circumstances, even if allegations imposed are proved to be correct.
- Reward if awarded shall be according to the significance of the information provided and impact of losses averted as a result.
- The prizes / awards shall be given to the concerned Whistle-blower confidentially and in a manner that no one can grasp the actual reason thereof.

Misuse of Policy/Disciplinary & Legal Action

The Bank does not tolerate any unlawful and unethical activity and vows to take appropriate action to ensure compliance with law and safeguarding the interest of all stakeholders.

- If staff makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them.
- If, however, staff makes malicious or frivolous allegations /complaint(s) or misuses whistle blowing policy for undue posting/transfer of himself/herself on disclosure to team member/ senior about whistle blown or the shelter available under whistle blowing policy, disciplinary action shall be taken against them after proper investigation.

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- If involvement of the Bank's officials in fraudulent, immoral, unethical or malicious activities and other malpractices is proved during investigation then disciplinary action will be initiated as per applicable rules and procedures of the Bank. If the matter is of grave nature, Bank may decide to take legal action against the culprit(s).
- For external parties, the Bank may on the basis of investigation report and recommendations, consider taking appropriate legal action against the concerned party.

Whistle Blowing Procedures

Objective

Whistleblowing can either be internal or external.

The Bank's internal control and operating procedures are intended to detect and to prevent or discourage activities like irregularities, financial malpractice, fraud & forgery, personnel harassment, improper conduct or wrong doing in the bank; however, even the best systems of controls cannot provide absolute safeguards against irregularities. Therefore, all employees are encouraged to report any such activity or act / misconduct that may cause financial or reputational loss to the bank.

Silkbank is dedicated to high standards of ethical, moral and legal business conduct. In line with these standards, and our commitment to open communication, whistle-blowing provides an avenue for employees, shareholders, vendors and customers to raise concerns and provides reassurance that they will be protected from reprisals or victimization.

Definitions

- **Whistle Blowing** -- a communication to a competent authority by an individual or an institution to expose and / or inform upon, alleged fraudulent, immoral, unethical or malicious activities, or discrimination, or some other type of adverse occurrence that violates a law, or a regulation, or a policy, or morals, or ethics and especially those matters that jeopardize the repute of the Bank.
- **Whistle Blowing Policy** -- is to encourage the whistle-blowers to voice their concerns to an appropriate pre-identified authority without any fear of revenge and retaliation such as fear for the loss of job, discrimination, victimization, harassment etc., about any fraudulent, immoral, unethical or malicious activities, which are against the policy of the Bank, or may have an adverse impact on the business or goodwill of the Bank or in some cases, even on the society at large.
- **Whistle-blower** -- a person or institution, who blows the whistle and sends communication to the pre-defined authority, following the process as prescribed, includes current or former employees of the Bank, directors, consultant, shareholders, vendors, contractors, service providers, customers, or any other representative of the Bank. The role of a Whistle-blower would remain to the extent of reporting only, who will neither be considered an investigator nor determines the appropriate corrective or remedial action that may be required under the given situation.
- **Whistle-blowing Committee** -- An operationally independent unit, established, under supervision of BAC, for handling and monitoring allegations, complaints, and concerns raised by the complainant/whistle-blower under whistle-blowing policy.
- **Protection** -- all reasonable steps taken by the Bank to ensure confidentiality of the Whistle-blower's name as well measures enforced to protect the Whistle-blower from retaliation and financial losses.
- **Misconduct** -- failure by the Bank's personnel to observe the Bank's policies, rules and Code of Personal & Professional Standards. Examples include, but not limited to, financial fraud, violation of laws, regulations and Bank's policies, immoral or unethical behavior or malicious practices, parallel banking, negligence of duty and threats to the Bank.

- **Good Faith** -- evident when the report is made, in the interest of the Bank, without consideration of personal benefit and not based on personal grudges and enmity, and the Whistle-blower has a reasonable basis to believe that the contents of the report are true. However, it is not necessary that a report made in Good Faith, proves to be true.
- **Retaliation**-- any act of discrimination, revenge or harassment directly or indirectly taken against a Whistle-blower, by any person, for making a disclosure under this Policy.
- **Collusive practices** – an arrangement between two or more persons / employees designed to achieve mala fide objectives, including improperly influencing the actions of another person / employee;
- **Corruption** – the offering, giving, receiving, or soliciting, directly or indirectly, anything of material value or providing undue benefits to influence improperly the actions of another person / employee
- **Fraud** – an intentional act by one or more individuals amongst management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage

Communication Channels for Lodging Complaints

Stakeholder shall raise his/her concern using any of the following channels for whistle blowing:

- **Hot line:** +92-21-111-00-7455 (Ext. 275 & 562)
- **Email:** whistle.blow@silkbank.com.pk
- **Postal Mail:** Whistle Blowing Complaints, HRD -Silkbank Ltd | Head Office, 21st Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Korangi, Karachi. All such mails should be marked "confidential" on the outer envelope and "whistle blowing" on the inside envelope for maximum confidentiality.
- Stakeholders also have the option to submit their concern by completing the **“Whistle Blowing Form”** available on Silkbank Corporate website.
- Whistle-blowers shall share their identity enabling Bank to provide protection as per Section Whistle Blower Protection of this Policy and share the results of investigation if required.
- Complaint should preferably include:
 - Whistle-blower name, address, designation, email, cell no and signature
 - date
 - clearly mentioned purpose
 - properly identified Issue
 - any evidence if available

Complaints handling procedure

Once the whistle is blown, WB Committee shall call a meeting to discuss, decide and direct management on all the issues brought to their notice by the complainants. WB Committee may assign any officer of the Bank it deems fit to investigate and submit a report on the complaint to the committee within a reasonable time.

Confidentiality

All matters will be dealt with confidentiality and the identification of the Whistleblower will not be disclosed. Except for inevitable situations, where disclosure of identity of the Whistleblower is essential (for instance, his / her statement/evidence is needed in court) or report of a complaint has to be disclosed to those persons who have a need to know in order to properly carry out an investigation of the complaint.

Whistle-blower Protection

The Bank stands committed to protect Whistle-blowers for Whistle Blowing, harassment or victimization of the Whistle-blower. If the Whistle-blower feels that, at his / her place of posting, he / she might be subjected to victimization or harassment by the alleged officials after blowing the whistle, the management may consider transferring him/her to another suitable place on his/her request. However, this assurance is not extended in cases where it is proved that the Whistle-blower raised the matters to settle personal grudges or grievances or enmity or where the Whistle-blower has been habitually involved in complaining on petty issues.

Protection that Bank can extend to Whistle-blower is limited to the Bank's capability, but any retaliatory action against any Whistle-blower as a result of whistle blown by such person shall be treated as Misconduct and subject to disciplinary action.

Misuse of Policy/Disciplinary Action

The Bank does not tolerate any unlawful and unethical activity and vows to take appropriate action to ensure compliance with law and safeguarding the interest of all stakeholders. It is expected from all employees to refrain from rumor mongering, irresponsible behavior and false allegations.

If staff makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, staff makes malicious or frivolous allegations /complaint(s) or misuses whistle blowing policy for undue posting/transfer of himself/herself on disclosure to team member/ senior about whistle blown or the shelter available under whistle blowing policy, disciplinary action shall be taken against them after proper investigation.

Rewards/Incentives for Whistleblower

. To motivate the Bank's staff to behave honestly, in loyalty with the Bank, independently without any fear, for saving the Bank from risks of financial or reputational losses caused by fraudulent, immoral, unethical or malicious activities or misconduct of some dishonest and corrupt persons, the management may offer incentives/rewards to whistle-blowers.

- In order to be eligible for all such incentives the Whistle-blower(s) must share their contact information.
- In case of anonymous Whistle Blowing no such reward shall be given in any situation or circumstances, even if allegations imposed are proved to be correct.
- Reward if awarded shall be according to the significance of the information he / she has provided and impact of losses averted as a result.

Approval

This document entails the Whistle Blowing Program comprising of 1) Whistle Blowing Committee Charter, 2) Whistle Blowing Policy and 3) Whistle Blowing Procedures.

Submitted by:

[Signed]

Muniza Sheikh
Head BRR & Regional Audit Head
Member Whistle Blowing Committee

[Signed]

Wajih Zaidi
Head of Audit
Secretary to the Audit Committee

Approved by:

[Signed]

Shahzad Enver Murad
Chairman Audit Committee of the Board

Cc to: Azmat Tarin, President & CEO