

**INTER OFFICE MEMO**

SECTT/BoD-147/1304

August 27, 2018

Operations Division Askari Bank Limited Islamabad	Company Secretary Office Askari Bank Limited Islamabad
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Subject : **Whistle Blowing Policy**

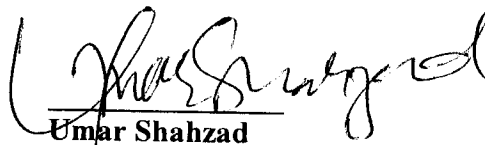
The Board of Directors in its meeting held on August 16, 2018 has approved Disciplinary Action Policy by passing the following resolution:

*“Resolved that Whistle Blowing Policy (Version 1.3) of Askari Bank Limited as recommended by Board Audit Committee be and is hereby approved.”*

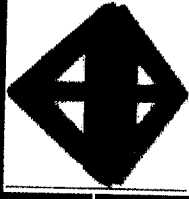
Duly approved Whistle Blowing Policy in original is attached.

Best regards

  
Ahsan Raza Qaisar  
Manager Board Affairs

  
Umar Shahzad  
Company Secretary

✓ CC: Internal Audit Division



# Whistle Blowing Policy

## Askari Bank Limited

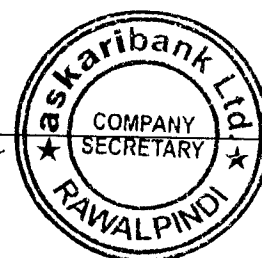
Version 1.3

Date of approval by Board: 16.08.2018



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## 1. INTRODUCTION, SCOPE AND OBJECTIVES

### 1.1 Introduction/Overview

Corporate Governance has been one of the core pillars of running a business. Financial Industry has transformed all over the world but Pakistan has not lagged behind in bringing transparency, good corporate governance and regulatory controls in Financial Services Industry. Banks, Non Banking Financial Institutions (NBFIs) and Development Financial Institutions (DFIs) are very highly regulated in Pakistan through two tier and dual regulatory control of State Bank of Pakistan (SBP) and Securities & Exchange Commission of Pakistan (SECP). More importantly, Financial Industry in general and Banks in particular have volunteered to bring the highest standards of Corporate Governance in their business policies to protect the interest of depositors, shareholders, employees and all other stake holders. SBP instructions on Whistle Blowing are quoted as follows:

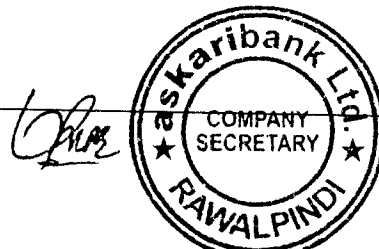
**QUOTE**“A Whistle Blowing Unit may be formed under supervision of Audit Committee of the Board for receiving, handling and monitoring allegations and concerns raised by the whistle blower. The whistle blowing program should contain, at minimum, the following:

- Scope of the Program.
- Independence of the Whistle Blowing unit.
- Procedures for lodging complaints.
- Communication Channels for lodging complaints.
- Complaint handling procedures.
- Confidentiality.
- Protection & reward for complainants.
- Disciplinary actions against deliberate false complaints.
- Reporting requirements.
- Review & Update of policy.” **UNQUOTE**

Askari Bank’s Whistle Blowing Policy describes the standards of conduct required of the Bank’s employees, officers and management in the operations of the bank and in representation of the bank that impact the Bank, shareholders, our customers, our colleagues as well as the communities that we serve. The policy also envisions to describe the standards of conduct by its vendor, contractors, customers an all third party stakeholders.

Askari Bank Limited (the Bank) has adopted this Whistle blowing Policy (the policy) in order to:

- Enhance good governance, transparency, and safeguarding the integrity of the Bank;
- Encourage timely disclosure and investigation of improprieties before they can disrupt the business or operations of the Bank or lead to serious loss;
- Promote a climate of accountability with respect to the Bank’s resources;
- Ensure that no employee of the Bank or third party is discouraged from raising legitimate concerns.



- The policy also sets forth Whistle Blowing process so that the concerns raised can be properly lodged and effectively addressed.

The Whistle blowing process is subject to supervision by the Audit Committee of the Board of Directors of Askari bank Limited.

The Board Audit Committee will receive regular updates on significant reports received as well as measures taken.

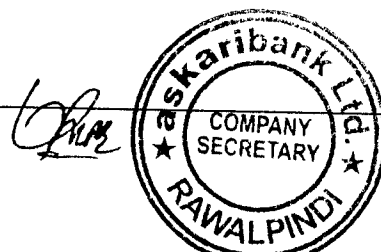
## 1.2 Objectives / Intent of the policy

The policy aims to 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. The intent of the policy is to encourage Bank Employees and outside parties to raise concerns in good faith, having identified or uncovered any wrongdoing or financial malpractices. However, the policy is not designed to allow employees to express their personal grievances. The policy is not intended to allow an employee to challenge or question the financial decisions taken by the Bank. The policy is not intended to address:

- Issues regarding employment or terms of service or performance that are adequately dealt with under the Employee Grievance Handling Policy in the Bank's HR Policies & Service rule.
- Issues relating to bullying, harassment, or discrimination which are covered by the Bank's Code of Ethics and Conduct and dealt with under the Bank's HR Polices & Service rules.
- Issues relating to health and safety risks which are dealt with under the Bank's HR Policies & Service Rules.

Specific objectives of the policy are to:

- Provide avenues to employees and outside parties to raise concerns for any wrong doings/ improper conduct and timely reporting of the same.
- Develop and promote a culture of openness, accountability and integrity.
- Provide a mean for discreet and confidential channel for escalation of concerns without fear of reprisal.
- Encourage timely reporting of alleged malpractices/ improper conduct.
- Serve as a means of preventing and deterring wrong doings/improper conduct that may be contemplated but has not yet taken place.
- Ensure consistent and timely institutional response to reported improprieties and awareness for whistle blowers of their options and rights.
- Ensure appropriate oversight by the CIA and BAC.
- Protect the rights of the Bank and that of its shareholders.



### **1.3 Scope of Policy**

The policy relates to complaints, reports and concerns about wrongdoings and matters, including but not limited to:

- Violation of the Bank's rules, regulations, Code of conduct, Internal Policies, Standards of Integrity and promise of brand "Askari".
- Conduct that is against the Bank's governing rules, procedures, and policies or established standards of practice.
- Questionable accounting, internal accounting controls, or an audit matter, or conduct that is an offence or a breach of law.
- Conduct that is damaging to the Bank's reputation.
- Misuse and abuse of authority.
- Offering, giving, solicitation or acceptance of any bribe.
- Unauthorized use of or waste of the Bank's funds or resources or damage to its assets.

The policy applies to the Bank's employees including temporary & former employees and outside parties such as shareholders, vendors, consultants, contractors and Bank's customers.

Reports relating to issues that do not fall within the scope of the Whistle Blowing Policy will not be treated as whistle blowing cases and will be redirected to appropriate area.

### **1.4 Responsibility of Whistle Blower**

Raising a concern for known offences and violations is compulsory. Employees might be held accountable for willfully failing to do so in case a wrongdoing has been in their knowledge and they willfully defaulted to report the wrongdoing.

### **1.5 Distinguishing between Whistle Blowing and Grievances**

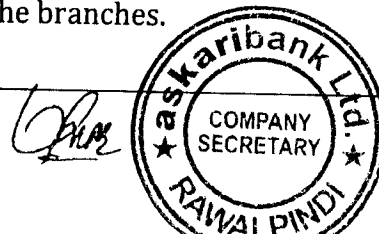
Whistle Blowing Disclosures should not be related to an individual's employment conditions and Employment malpractices such as sexism, racism and other forms of bullying or discrimination.

### **1.6 Ownership/Custodian of this policy**

Ownership of this policy rests with Internal Audit Division and Chief Internal Auditor (CIA) will have overall responsibility for its implementation.

### **1.7 Dissemination of this policy**

This policy will be disseminated to all stakeholders on a periodic basis. Policy will be available to staff members on intranet, and will also be hoisted on the official website of the Bank for other stakeholders. One pager summary of the policy highlighting the process of whistle blowing will also be displayed at conspicuous places in the branches.



Chief Internal Auditor will be responsible to disseminate whistle blowing policy to all stakeholders through appropriate forums, at least on a semi-annual basis.

Head - Training and Development will be responsible to add suitable content on whistle blowing mechanism for trainings imparted to MTOs/TOs and general banking trainings to other staff members.

## **2. DEFINED TERMS**

The terms used in this Policy, shall have the same meaning and effect, as has been ascribed to each term under the Headings herein set out.

### **2.1 Bank Employee**

Bank Employees include all Executives, Officers and other Employees, including the Contractual Staff members, serving in the Bank or the former employees.

### **2.2 Whistle Blowing**

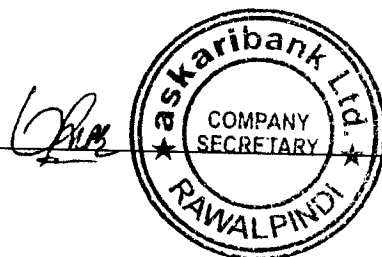
Whistle blowing is the process whereby an employee of the Bank / or any outside party voluntarily raises a concern about any risk to the Bank's interests or reputation, or discloses information of possible wrongdoing or financial malpractice in the Bank's operations. Whistle Blowing is the disclosure of information related to corrupt, illegal, fraudulent or hazardous activities being committed.

### **2.3 Whistle Blower**

A Whistle blower is any of the Bank's employees or any outside parties such as shareholders, vendors, consultants, contractors and Bank's customers who have the knowledge of, and makes a protected disclosure of, any wrongdoing or malpractice within the Bank's operations. The whistle blower is protected by the bank from all reprisal for such a disclosure.

### **2.4 Protected Disclosure**

The purpose of the policy is to encourage individuals, who have observed reportable misconduct or wrongdoing, to disclose such wrongdoing in the workplace by providing them protection from victimization or harassment when making disclosures. Such disclosures are known as Protected Disclosures. The bank through the approval of this policy by its Board of Directors undertakes that a genuine whistle blower will remain protected for whistle blowing.



## 2.5 Wrong Doings

For the purpose of this policy, wrongdoing in the Bank's operations means and includes:

- Financial malpractices;
- Parallel banking;
- Activity causing damage to Bank's reputation due to breaches of the Bank's internal policies and procedural manuals or non-compliance of laws and regulations;
- Gross wastage of Bank's resources and assets;
- Mismanagement of funds;
- Serious misuse or abuse of authority;
- Facilitating tax evasion, money laundering or terrorism financing;
- Fake documentation for any banking activity;
- Suspected fraud, corruption, collusion and coercion, and any other serious infringements of the rules and policies in force at the Bank;
- Breach of client confidentiality;
- Any criminal activity or gross misconduct.

## 2.6 Outside Parties

For the purpose of this policy, Outside Parties mean and include:

- Bank's Account holders (Customers);
- Bank's Shareholders;
- Vendors, Consultants and contractors engaged by the Bank.

## 3. WHISTLE BLOWING UNIT

Chief Internal Auditor (CIA) will be authorized to designate a suitable executive (at least in AVP grade) as Head - Whistle Blowing Unit which will be completely independent with a direct reporting line to the CIA. CIA will make sure that Head of the unit is not pre-occupied with any other Internal Audit responsibility / function while he is working on any whistle blowing complaint, however CIA will be at liberty to utilize the Head of the unit for any other Internal Audit responsibility / function to make full use of his time and expertise.

## 4. PROCESS OF WHISTLE BLOWING

The Bank has developed the following whistle blowing process to raise concerns about any wrong doings:

Any of the bank's employees or outside parties, as whistle blower, may report the matters of concern, raised against the wrong doings, which shall be made in writing through protected disclosure, clearly explaining the cause of concern and any of the key issue involved therein. Such reporting must be based on actual facts rather than being speculative in nature, and



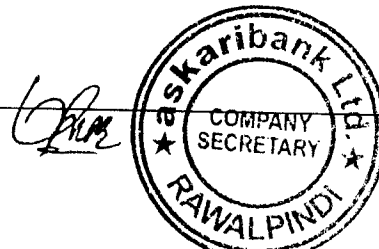
must contain, as much specific information and particulars as possible, including name(s), dates, places, events, and whistle blower's own perception about the events.

Such protected disclosures shall either be made through email to [whistleblowingunit@askaribank.com.pk](mailto:whistleblowingunit@askaribank.com.pk) or through a hard copy in a sealed envelope through registered mail, marked as "Confidential and Privileged Communication" and addressed to the Head - Whistle Blowing Unit, Askari Bank Limited. If the whistle blower considers a matter to be of material impact he may seek to meet the head of whistle blowing unit in person with a written complaint. The Head of Whistle blowing unit is obliged to log the written complaint immediately and follow the normal evaluation process. Following guidelines prescribe the financial limits of Whistle blowing:

1. Any Whistle Blowing with perceived financial wrong doing of an impact of below PKR 50 million should be addressed to the Head of Whistle blowing Unit. Any Whistle Blowing with perceived financial wrong doing of an impact of PKR 50 Million to PKR 99 Million may also be copied to the Chief Internal Auditor (CIA) by the Whistle blower.
2. Any Whistle blowing with perceived financial wrong doing of an impact of PKR 100 Million and above may also be copied to the Board Audit Committee by the whistle blower.
3. Any Whistle Blowing perceived against an officer of the bank holding the rank of Vice President (VP) or Senior Vice President (SVP) and above may also be copied to the Chief Internal Auditor (CIA).
4. Any Whistle Blowing perceived against an officer of the bank holding the rank of Executive Vice President (EVP) or above may also be copied to the Chairman Board Audit Committee.

Following will be the process and main features of process of whistle blowing:

- a. No one in the bank staff will have access to delete the emails received at [whistleblowingunit@askaribank.com.pk](mailto:whistleblowingunit@askaribank.com.pk). The access to account settings of the above email account will be granted with the written permission of the CIA only. The custodian of the whistle blowing email account will be the Head of Whistle blowing Unit under the supervision of CIA. Each of such matters of concern, received by the Whistle blowing Unit, shall be logged into a tracking report which shall be assigned a code. Access to the relevant record, except on a need to know basis, shall be treated as a subject matter of classified domain, confidential and restricted.
- b. Head - Whistle blowing Unit, upon receiving the matters of concern from the whistle blower, shall carry out preliminary scrutiny thereof, so as to ascertain its nature and the key issue involved therein.

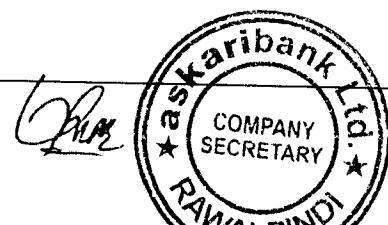


- c. After preliminary scrutiny and initial probing of the matter, if it comes up as a case which does not appear to be a fit case of whistle blowing, the Head whistle blowing unit will inform the whistle blower, in writing within seven days of whistle blow, that the case cannot be pursued further due to lack of evidence or reasonability of the reported issue.
- d. A whistle blower, if not satisfied with the outcome of his whistle blowing has the right to escalate the issue to the CIA. Serious matters involving material wrong doing may be escalated to BAC if the whistle blower is not satisfied with the initial findings.
- e. With regard to the matters, which warrant investigation, such cases will be submitted by the Head of Whistle blowing Unit to CIA for independent investigation, and CIA will authorize Head Whistle Blowing Unit, or any other executive / officer, as CIA deem fit, to investigate the matter in detail. CIA will ensure initiation of an independent investigation with intimation to the respective Group Head and CH-HRD. In case the whistle blowing is against a Group Head or a CH directly reporting to the President, the CIA will carry out the investigation with intimation of the initiation of investigation to the President & CEO.
- f. Investigation to be carried out shall be independent without any interference and on the parameters of current fraud investigations by the Internal Audit Division. It is expected to be conclusive with assignment of responsibility of wrongdoing and based on the recognized ethical and professional standards. The Investigation Report so finalized, including a summary of the evidence and conclusion shall be submitted to the President Support Office, with copies to Group Head Operations and CH-HRD for compliance of recommendations made therein and disciplinary action.
- g. Investigation report will be issued within thirty days of the whistle blow.
- h. In order to safeguard the rights of any delinquent employee, during the course of disciplinary proceedings, such employee shall be given ample opportunity to defend the charges affixed in the proceedings.
- i. Disciplinary action taken against the delinquent staff members, on case to case basis, will be reported by HRD to Head Whistle Blowing Unit for reporting to the BAC.
- j. Records of the Whistle Blowing processes, investigations, and reports shall be properly maintained by Head - Whistle blowing Unit, who shall always ensure strict confidentiality.

## 5. DISCLOSURES

### 5.1 Knowingly False Disclosures / Misuse of policy

The Bank's Whistle blowing policy does not protect knowingly false or reckless allegations. Any individual who makes allegations frivolously or maliciously will be subject to disciplinary action.



## **5.2 Allegations made in good faith**

The policy does not discourage individuals from raising concerns, in good faith, without malicious intent, in cases where they may not have enough evidence to support their claims. Such cases will remain protected.

## **5.3 Anonymous Disclosures**

The Bank's whistle blowing policy encourages open or confidential reporting where the identity of whistleblower will not be disclosed but allows anonymous reports/disclosures made with sufficient detail or supporting evidences.

## **5.4 Disclosure to Public and External Bodies**

Head - Whistle blowing unit shall maintain strict confidentiality of the details of the whistle blowed, and shall not disclose any information to the public or any of the external bodies unless required by law.

## **6. PROTECTION TO WHISTLEBLOWERS**

The Policy provides assurance against all forms of reprisals to individuals who make protected disclosures about wrong doings through whistle blowing policy.

### **6.1 Confidentiality**

The identity of employees who raise concerns is guaranteed confidentiality by the Bank and all those who will investigate including the management. No employee will be discriminated against in any way as a result of raising an issue in good faith.

### **6.2 Non-Retaliation**

Regardless of the outcome of the investigation, the Bank will not tolerate retaliation against a whistle blower who has made a protected disclosure in good faith, or has otherwise assisted in the investigation.

### **6.3 Protection for Whistle Blower**

An employee who reports a breach in good faith shall in no way be put at a disadvantage as a result of his or her Whistle blowing through termination, demotion, suspension, threatening of adverse employment actions, harassment or victimization by co-workers, or any conduct that would dissuade a reasonable employee from whistle blowing. However, the whistle blowers must also understand that it is the responsibility of the whistle blower to cooperate in the investigation and failure to do so can also result into an investigation of any complicity. An individual's liability for his own conduct will not be affected by their disclosure of that conduct.

#### 6.4 Penalties for those taking retaliatory action

Any incident of alleged retaliation can be reported to the Head – Whistle Blowing Unit. The Head – Whistle Blowing Unit will thoroughly investigate the retaliation incident and report his findings to the CIA. If CIA is convinced that retaliation has been undertaken against the whistle blower, the case will be referred to the Chairman DAC along with copy to the President & CE for an appropriate action in light of the whistle blowing policy.

#### 6.5 Rewards for Whistle Blower

Reward Policy of whistle blowing is based on a direct link with level of contribution made by the whistle blower. The bank will offer a reward to the whistle blower commensurate to the impact of the event on the bottom line or to the value system of the bank.

If the whistle blowing results in material improvement in the process of banking operations along with a significant financial impact then a career rewarding step will be considered for the whistle blower. In case of financial impact only, a proportionate financial reward could be approved at the sole discretion of the Bank. The real reward for outcome of all whistle blowing cases will be recognition of such champions of the change to make a cultural improvement in the bank. The rewards will be jointly agreed between the benefitting unit of the bank and the HRD.

#### 6.6 Obligations of Management and the Bank

The Bank expects management to promote the culture of Whistle blowing at all levels concerning any breach seriously, confidentially and promptly. Management is obliged to fully cooperate with, and assist, the investigator put in charge of the investigations.

### 7. IMPLEMENTATION, MONITORING & REVIEW OF POLICY & PROCEDURE

Head – Whistle blowing Unit shall be responsible for the implementation of this Policy and Procedure, in letter and spirit.

Board Audit Committee will monitor and oversee the whistle blowing process for which MIS summary of matter raised by whistle blowers and action taken by the Bank to resolve the same shall be presented to the BAC on a quarterly basis.

The need for making any changes and amendments in this Policy and Procedure will be analyzed and reviewed by the Board Audit Committee on need basis or after every three years. All changes will become effective only after the approval of the Board of Directors.

### 8. EFFECTIVE DATE

This Policy will come into force upon approval by the Bank's Board of Directors and no change or amendment in the policy shall take effect without the Board's approval.

