Whistle Blowing Policy

1. **Introduction**

Employees are often the first to realize that their co-workers are participating in activities that are inappropriate or contrary to the Bank's standards and stated policies. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to their employer. They may also feel that their actions could result in possible harassment or victimization of the self. In these circumstances staff often believes it may be easier to ignore the concern or impending issue rather than report what could be just be a suspicion of malpractice.

Summit Bank Limited (SMBL) is committed to operating with the highest possible standards of service, delivered in an ethical, professional and legal manner. The Bank's interactions with customers, service providers, vendors and employees - including permanent, temporary, contractual and part time employees (herein referred to as "employees") - are based on trust, and maintaining strict compliance with the Bank’s Code of Conduct, and all applicable laws and regulations.

SMBL Management has established internal controls to maintain an ethical environment and detect, prevent and deter illegal activities. In order to ensure absolute safeguards against irregularities such as intentional and unintentional violations of laws, regulations, policies and procedures, the Bank has the responsibility and right to investigate and address allegations of suspected fraudulent, wrongful, or improper activities.

The staff and outside parties (customers, service providers, and vendors) of the Bank are encouraged to review and use the guidelines contained in this Policy to report: any wrong-doing, improper conduct, financial improprieties or malpractice.

This Whistle Blowing Policy provides a channel for the Bank’s staff and external parties to raise concerns about non-ethical practices, expose irregularities, and help uncover financial malpractices, prevent frauds without fear of reprisal or adverse consequences. This Policy sets out the procedure for lodging of complaints by staff and all external parties, the handling of these complaints, disciplinary actions and penalties, associated awards, and the monitoring and reporting mechanisms.

The overall objective of the Whistle Blowing Policy is to provide a conducive work environment and a platform to raise concerns relating to the definitions and aims of the policy, ensure confidence of staff, safeguard the interests of the Bank and protect its reputation, in a timely manner with the assurance of appropriate action being taken by the Management of SMBL.

1. **Definitions**

### a. Allegation

The term “allegation” refers to accusing an individual in the absence of proof or evidence.

### b. Embezzlement

The term “embezzlement” is defined as fraudulent appropriation of money or property entrusted to one’s care, and converting it to one’s own use. It occurs when a person gains possession of goods lawfully and then misappropriates the goods.Some common methods of embezzlement are:

1. Embezzlers commonly steal relatively small amounts repeatedly over a long period of time such as pocketing of utility bills by the Bank tellers/cashiers against issuance of fake receipts. Some embezzlers steal one large sum at once such as a fake loan booked by a credit officer.
2. Falsification of records in order to conceal the embezzled money or property.
3. Embezzlement sometimes involves falsification of records in order to hide the theft such as tampering the amount of purchase receipt/invoice. Hence the Bank has to pay more than the actual expenses.
4. The act of an employee stealing money or assets of the Bank;

### c. Fraud

Fraud is defined as an intentional misrepresentation, concealment or omission of material facts with the purpose of deceiving another thereby causing detriment to that person. This denotes an intentional twisting of the truth or concealment of facts. Employees might be guilty of fraud if they maliciouslylie about the advantages or disadvantages of the job(s) they are offering, or if they illegally discharge employees. Fraud typically falls under [tort](#TortLaw%23TortLaw) or criminal law.

### d. Forgery

Forgery is the process of making or altering documents or objects with the intention to deceive other person(s). The term forgery is defined as the act of criminally making or altering a written instrument/document for the purpose of fraud or deceit. It may also be defined as “the fraudulent making and alteration of writing to the prejudice of another person’s right”. Some common examples of forgery relating to banking business are:

1. A false signature or material alteration to a check;
2. Signing another person’s name to a check;
3. To write payee’s endorsement or signature on a check without the payee’s permission or authority. The “payee” of a check is the true owner or person to whom the check was payable;
4. A forged copy of an instrument/security document that is represented as the original.

### e. Improper conduct or wrongdoing

For the purpose of this policy, improper conduct or wrongdoing is defined as:

1. Corruption and reprehensible conduct;
2. Fraudulent activity;
3. A substantial mismanagement of SMBL resources; or
4. Non-financial allegations observed such as sexual or racial harassment

### f. Whistle Blowing Policy

Whistle Blowing Policy is a complaint system providing accessible ways to employees, customers, service providers and vendors to confidentially report alleged violations of the Code of Conduct, policies, and internal controls; acts of misconduct, such as violation of laws, rules, regulations; and/or a direct threat to the organization such as frauds, forgeries and misappropriation and misuse of assets.

### g. Who is a Whistle Blower

A Whistle Blower can be defined as a person who reveals any wrongdoings or malpractices that are taking place within the organization. These revelations are made to the Whistle Blower Unit under the Audit & Inspection Division. A whistle blower can make a disclosure of corruption, mismanagement, illegal activities or any other wrongdoing.

1. **Propose of the Policy**

In order to enhance good governance and transparency at SMBL, the Whistle Blowing Policy has been introduced to help employees, customers, service providers, and vendors, to report illegal and unethical issues such as fraud, corruption or any other unlawful conduct. The aims of the Whistle Blowing Policy are:

1. To encourage employees to disclose any malpractice or misconduct of which they become aware;
2. To provide protection for employees who report allegations of such malpractice or misconduct;
3. To ensure that all allegations are thoroughly investigated and suitable action and remedial measures are taken where necessary.
4. **Scope of the Policy**

The Policy applies to all employees of the Bank, including permanent, temporary, contractual and part time employees with the objective to address any actual or potential improprieties in financial or other matters, and recommend remedial and mitigating measures.

The Whistle Blowing Policy deals with the concerns of employees, customers, service providers and vendors for matters detrimental to the interest of the Bank and may include:

1. Fraud, forgery, misappropriation, embezzlement (either Bank’s or customer funds)
2. Corruption and bribery
3. Violation of Bank’s Code of Conduct, improper or unethical conduct, and criminal behavior
4. Failure to comply with statutory obligations, requirements of law, Bank policies.
5. Attempts to conceal or suppress information relating to above.
6. Facilitating wrong doing and shielding corrupt staff
7. Any actual or potential improprieties in financial and other matters.
8. **Who can raise a concern?**

An employee, customer, service provider or vendor of SMBL, who has concrete evidence or belief that there is serious misconduct relating to any of the above matters, may raise a complaint as per the procedure set out hereunder. Complaints must be raised in good faith, without malice or prejudice, and must not be for personal gains.

1. **Confidentiality**

The Bank will treat all complaints in a confidential and sensitive manner by the persons who have a need to know, authorize to carry out an investigation of the complaint. A complaint can also be reported anonymously, and this choice will be respected.

1. **Responsibility of Employees**

All employees of the Bank, irrespective of the nature of their assignments, are ethically and morally bound to immediately report to management, any suspicious activity which comes to their knowledge that may lead to fraud / forgeries and other malpractices, exposing the Bank to financial losses and tarnish its image.

1. In the event of fraud, forgeries and other untoward mishaps as a result of involvement / collusion of Bank’s officials, employees who had full knowledge of these activities, facilitated the wrong-doing and did not inform Management will be considered as perpetrators in the wrong doing and will also be held responsible and taken to task.
2. Rewards as deemed appropriate by the Management will be given on identifying matters of significance leading to disclosure of malpractice. It is the responsibility of the employee to remain unbiased and safeguard the interest of the Bank as per the Whistle Blowing Policy. In case reported information proves to be a deliberate attempt of using this channel to settle one’s personal grudges or to illicitly avail rewards, appropriate disciplinary action will be taken against the concerned person.
3. **How to file a Report**

In the event of determining or discovering a wrong-doing, the Whistle blower is advised to speak to the line manager as a first point of contact to bring to the line manager’s notice a suspicion/actual incident of wrongdoing. However, the Bank accepts that there will be certain circumstances when an employee could feel uncomfortable talking to his/her line manager, and should, in such cases, directly connect with the following points of contact in the Whistle Blowing Unit of the Audit & Inspection Division.

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| --- | --- | --- |
| **Contact Person** | **Cell:** | **Email:** |
| Mr. Imran Chapra  Head Internal Audit & Inspection | 0322-2009083 | whistleblowing@summitbank.com.pk |
| Mr. M. Hayat Mustafa Chishty  Unit Head – Special Assignment | 0322-2009119 | whistleblowing@summitbank.com.pk |

1. It is very difficult to investigate suspicions which are reported anonymously; therefore, it is best for the whistle blower to declare his/her identity. It is assured that the matter will be treated in strict confidence once reported to the above officials of the Whistle Blowing Unit of the Audit & Inspection. As mentioned above, the Bank will ensure that the names of employees providing the information are kept strictly confidential. The head of Whistle Blowing Unit may decide whether to act on an anonymous complaint / disclosure keeping in view the circumstances and nature of the incident reported.

1. The Whistle Blower may bring a colleague (from within the Bank) along with him/her to report a matter in person to the Whistle Blowing Unit.

**9. Process**

1. In order to investigate the suspicion/allegation the Whistle Blowing Unit will discuss with the Whistle Blower of involvement (if any) of other personnel in this case. The WBU will not mention the Whistle Blower’s involvement to the line manager or anyone else implicated, without his/her consent.

1. Every effort will be made to protect the Whistle Blower’s confidentiality. The principle will always be to involve as few people as possible in the process / investigation. Although he/she may be asked for further information, the reporting personnel will not be directly involved in the investigation.

1. Staff may have taken time to form their suspicions or to build up the courage to act on them. The Whistle Blower will not be blamed for speaking up at this time, or for failure to speak up earlier. However, the reporting staff who has been directly or actively involved in wrong doing will not have automatic immunity from disciplinary or criminal proceeding by bringing the matter to the concerned officials. However, under the disciplinary action procedures, a lenient view will be taken in the case of the staff voluntarily disclosing such a wrongdoing.
2. Frivolous or malicious allegations may be subject to disciplinary action under the existing Disciplinary Policy of the Bank.
3. The Whistle Blowing Unit, wherever possible, will give the Whistle Blower feedback on the investigation outcome. Investigations may take some time, but he / she will be told in due course whether suspicions were well founded.
4. Reporting for wrong-doings can be done by a group of persons and is not limited to one person.
5. In the event of allegations of unethical practices are received from an external source – service provider, customer, or vendor - against a staff member and/or department, investigation shall be initiated by the Audit & Inspection Division.

**10. Protection of the Whistle Blower**

The Policy provides anonymity and confidentiality to Whistle Blower who discloses coworkers’ / seniors’ violations of Bank’s Code of Conduct, unethical practices, frauds, forgeries, misappropriation of either Bank’s and/or customer funds, and violations of laws and regulations, provided the disclosure is made in good faith.

An individual engaged in retaliatory conduct against the Whistle blower (harassment, threats, bullying, demands to revert complaint, use of internal & external influences) will be subject to disciplinary action as per the Disciplinary Policy of the Bank.

**11. Penalties for Taking Retaliatory Action and Disclosure of information**

Any form of retaliation undertaken by a staff member against a person reporting an irregularity in good faith or disclosing confidential information outside of the purview of the investigation are considered to be a breach of loyalty and professional ethics. In such cases disciplinary measures shall be enacted by Management. Staff will be informed of the measures taken by the Bank for any acts of retaliation taken for reporting an incident.

**12. Rights of the Person(s) Implicated**

Any staff member implicated by reports of irregularities must be notified in good time of the allegations made against him/her, provided that this notification does not impede the progress of the procedure or establishing the true circumstances of the case. The findings of the investigation made by Audit & Inspection will be submitted to an appropriate level of authority (Board Audit Committee as per the committee TORs). The implicated staff member will be given due opportunity to be heard in person or put forward his /her comments in writing in keeping with the principle of the right to be given a fair hearing.

After having heard the implicated staff member, or requested the staff member to put his/her case in writing if, for objective reasons, it is not possible to hear them directly, the President & CEO shall decide on the measures required in the Bank’s interest.

**13. Reporting Requirement**

Whistle Blowing Unit will be formed under the overall supervision of Board’s Audit Committee (BAC). The Unit shall be responsible for receiving, handling and monitoring complaints. Significant matters during the investigation of Whistle Blowing complaints will be placed before the BAC as per their TOR and the names of the responsible officials may also be reviewed periodically by the BAC.

**14. Internal & External Communication of the Whistle Blowing Policy**

Communication to the staff on whistle blowing policy will be maintained through SMBL intranet and Employee Portal. The whistle blowing policy is part of the mandatory Orientation Program for the new employee.

Refresher emails on subject matter are to be issued on a quarterly basis.

Extract of the Whistle Blowing Policy will be a part of the Code of Conduct given to each employee upon joining and reminders emails issued on quarterly basis.

Externally, the extracts of the whistle blowing policy are to be placed on the SMBL website and Non-disclosure Agreements signed by service providers and vendors.

Whistle Blowing Reporting Form

|  |  |
| --- | --- |
| Offence / Allegation |  |
| Who is involved primarily |  |
| Who else is involved |  |
| Description of wrong-doing |  |
|  |  |
| Name of person reporting the wrong-doing |  |
| Cadre / Functional title |  |
| Department and Division |  |
| Branch location (if applicable) |  |
| Contact number |  |
|  |  |
| Signature |  |
| Date of filing of report |  |
|  |  |
| For use in Audit & Inspection |  |
| Receiving date |  |
| Action(s) taken |  |
| Conclusion |  |

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| --- | --- |
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