BML

بنك مكرمه

Bank Makramah Ltd.

Whistle Blowing Policy

Version 2.0 (2025)

Document Change Control

Document Name	Whistle Blowing Policy
Document Owner	Internal Audit Division (IAD)
Previous Document Owner	Human Resource Division (HRD)
Previous Version	2021
Latest Version	Version 2.0 (2025)
Last Approval Date	November 04, 2021
Current Approval Date	TBD
Review Frequency	Within Three (3) years, or earlier if required
Document Classification	Public
Endorsed By	President & Chief Executive Officer
Recommended By	Board Audit Committee (BAC)
Approved By	Board of Directors (BOD)
Effective Date	Immediately upon approval by BOD
Communication	To be published on the Bank's intranet and public website for broader accessibility.

Feedback, comments and suggestions on the policy and subject areas covered under this policy may be directed to:
Head of Internal Audit
Karachi, Pakistan

Table of Contents

Whistle Blowing Policy

1. **Introduction:** 5
2. **Purpose:** 5
3. **Scope and Objective:** 5
4. **What Warrants Whistle Blowing:** 6
5. **Independent Organization and Structure:** 6
6. **Responsibilities of Whistle Blowing Unit:** 6
7. **Who Should Blow the Whistle:** 7
8. **Misuse of Policy/Disciplinary & Legal Action:** 7
9. **Whistle-blower Protection/Confidentiality:** 7
10. **Rewards/Incentives for Whistleblower:** 8
11. **External Disclosures:** 8
12. **Policy Review & Updation:** 8
13. **Reporting to BAC:** 8

Whistle Blowing Procedure

1. **Complaint Lodgment and Handling Procedure:** 9
2. **Turnaround Time to conclude Investigation:** 10
3. **Disclosures:** 10
   - 3.1. **Vexatious / Malicious Concerns** 10
   - 3.2. **Allegations made in good faith** 10
   - 3.3. **Anonymous Disclosures** 10
   - 3.4. **Disclosure to Public and External Bodies** 10
   - 3.5. **Protection Against Retaliation** 11
   - 3.6. **Legal Privilege and Professional Obligations** 11
   - 3.7. **Conflict of Interest** 11

Annexure 1 13

Glossary of Terms & Definitions

The Bank	Bank Makramah Ltd.
The Board	The Board of Directors of Bank Makramah Ltd
The BAC	The Board Audit Committee of Bank Makramah Ltd
SBP	State Bank of Pakistan "The Regulator"
SECP	Securities & Exchange Commission of Pakistan "The Regulator"
Stakeholders	Every person and/or party with an interest in the Bank e.g. shareholders, staff, borrowers, vendors and clients etc.
Bank Employees	All executives, Officers, and other employees including the contractual staff, serving in the Bank or the former employees.
Corporate Governance	The set of regulations, criteria and procedures determined by the Regulator to ensure institutional discipline in managing affairs of the Bank by determining responsibilities and obligations of the directors and executive management.
Code of Conduct (CoC)	Set of rules outlining the responsibilities or proper practices to be applied through the Bank.
Conflict of Interest (CoI)	A situation in which an employee is in a position to derive personal benefit from actions or decisions made in its official capacity.
Whistle blower	One who alerts Bank Makramah Ltd that a person, or group of persons is attempting to do, have done or doing something wrong in terms of "Illegal or unlawful conduct", "Financial misconduct", or "Unethical misconduct" etc.
Allegation	The term "allegation" refers to a claim or assertion that someone has done something illegal or wrong, typically one made without concreate proof or on basis of strong knowledge, or suspicion.
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.
Fraud	It as an intentional misrepresentation, concealment or omission of material facts with the purpose of deceiving another thereby causing detriment to that person.
Forgery	The process of making or altering documents or objects with the intention to deceive other person(s)
Improper conduct or wrongdoing	• Corruption and reprehensible conduct • Fraudulent activity • Gross mismanagement • Non-financial allegations observed such as sexual or racial harassment
Parallel Banking	The act of bank employees conducting unauthorized transactions hidden from official records, misusing customer relationships by concealing activities or diverting funds for personal gain.

Whistle Blowing Policy

1. Introduction:

Bank Makramah Limited ("the Bank") is committed to conducting its business with integrity, professionalism, and in full compliance with its Code of Conduct, applicable laws, and regulatory requirements. The Bank's dealings with customers, employees (permanent, temporary, contractual, or part-time), vendors, service providers, and other stakeholders are founded on trust and the highest ethical standards. In line with this commitment, the Bank encourages all employees, vendors and all other stakeholders to report any unethical, unlawful, or unacceptable practices or misconduct related to the Bank, in a safe and discreet manner, without fear of reprisal.

Further, in compliance with SBP's BPRD Circular No. 03 of 2014 (dated February 21, 2014) on *Fraud Risk Management and Reporting*, BPRD Circular Letter No. 06 of 2015 (dated March 02, 2015) and SBP's BSD letter no. BSD/Bank/BML/790727/2024 dated October 29, 2024, the Bank has formulated a Whistle Blowing Policy and constituted a dedicated Whistle Blowing Unit within the Internal Audit Division under the oversight of the Board Audit Committee. The Board Audit Committee (BAC) holds overall responsibility for the implementation and oversight of the Whistle Blowing Policy, thereby ensuring that matters reported under this framework are addressed with the highest level of governance and impartiality.

2. Purpose:

The purpose of Whistle Blowing Policy is to provide a secure channel for receiving, handling, and monitoring allegations and concerns related to irregularities, financial malpractices (including frauds and forgeries), personnel harassment, improper conduct, or wrongdoing, thereby, ensuring that whistleblowers can report without fear of reprisal, victimization or other adverse consequences.

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

3. Scope and Objective:

The scope of this Policy extends, without limitation, to all unlawful acts or directives constituting a violation of law, misuse of authority or the Bank's resources, corruption, financial malpractice (including fraud and forgery), harassment (including sexual harassment), parallel banking or any other improper conduct that may compromise the Bank's interests, reputation, or operational integrity.

The Whistle Blowing Policy is applicable not only to the Bank's employees (including current, temporary, and former employees) but also to external stakeholders such as vendors, consultants, contractors and customers.

Employee related complaints such as those concerning employment terms & conditions, performance related matters, workplace bullying/harassment, discrimination, or health & safety, if reported through the Whistle Blowing Unit, shall be referred to and resolved by the Human Resource Division (HRD) in accordance with the Bank's relevant policies, procedures, and applicable laws/regulations.

It is important to note that this Policy is not intended to challenge the Management's financial or business decisions, nor to revisit matters that have already been conclusively addressed through established mechanisms, including harassment committees, grievance handling forums, disciplinary proceedings, or other prescribed procedures.

The intended objectives of this policy are to:

i. create awareness amongst stakeholders regarding the Whistle-Blowing Framework.
ii. develop a culture of openness, accountability and integrity.
iii. foster an environment where all stakeholders can raise concerns without fear of retribution and with full confidence.
iv. enable management to get an early warning signal about fraudulent, immoral, unethical or malicious activities or misconduct and take appropriate actions.
v. provide a swift and confidential process for rectifying malfeasance wherever and whenever it occurs in the Bank.

4. What Warrants Whistle Blowing:

Any stakeholder of the Bank who becomes aware of an actual or potential act of misconduct has an ethical and moral responsibility to report it without delay. Such misconduct may include, but is not limited to, the following incidents of:

i. fraud, forgery, corruption, bribery, misuse of authority or theft which has already taken place or is likely to take place
ii. parallel banking
iii. violation of Bank's Code of Conduct
iv. failures in adhering to the Statutory /Regulatory requirements
v. facilitating wrong doings and/or shielding/abetting wrongdoings
vi. professional and sexual harassment
vii. divulging sensitive and/or classified information to the others to damage Bank's reputation and to harm its business etc.

The above list is not exhaustive in nature and any other instance of wrongdoing may also qualify to be reported through whistle blowing framework.

5. Independent Organization and Structure:

To safeguard independence and ensure effective implementation of the Whistle Blowing Policy, the Whistle Blowing Unit shall function under the Internal Audit Division. The Unit shall be headed by the Head of Quality Assurance & Special Investigations (QA&SI), while overall reporting to the Board Audit Committee shall remain the responsibility of the Head of Internal Audit.

6. Responsibilities of Whistle Blowing Unit:

The Whistle Blowing Unit:

i. Shall receive, evaluate, investigate and decide on all whistle blows (that come under the defined Whistle Blowing parameters) and issue necessary directions to the management;
ii. Shall formally acknowledge receipt of the complaint in writing to the complainant;
iii. may assign/obtain appropriate personnel/logistic/data/information/documentation support from relevant Division/Department to adequately investigate and submit a report to the Head of Internal Audit within a reasonable time;

iv. shall ensure that Whistle-blower feels secure while reporting unlawful acts or orders requiring violation of a law, abuse of authority & resources of bank, corruption, financial malpractices, frauds & forgeries, personnel harassment, improper conduct or wrongdoing;
v. shall ensure confidentiality of the complaint and security of the whistle blower from any adverse reaction which may happen due to the nature of complaint;
vi. advise the relevant Divisional Heads/DCEO and/or CEO to initiate appropriate disciplinary/preventive/corrective actions based on the outcome of a whistle blowing investigation.
vii. shall prepare necessary details for BAC information and seek BAC advice if required;

7. Who Should Blow the Whistle:

Any stakeholder of the Bank may make protected disclosures for any misconduct prescribed in this Policy. The Stakeholders of the Bank shall include but are not limited to all its employees, customers, shareholders, directors, contractors, suppliers, service providers, vendors, employees of third parties and any other person/entity having relationship with the Bank in any capacity whatsoever.

8. 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. However, bank also reserves the right to take disciplinary and/or legal action against any individual who abuses, misapplies, or manipulates the Whistle Blowing Policy by raising malicious, vexatious, or knowingly false allegations.

i. If whistleblower makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them.
ii. If, however, whistleblower makes malicious or frivolous allegations /complaint(s) or misuses whistle blowing policy for undue advantage of himself/herself on disclosure to team member/ senior management about whistle blown or the shelter available under whistle blowing policy, disciplinary/legal action shall be taken against them after proper investigation.
iii. 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.
iv. For external parties, the Bank may on the basis of investigation report and recommendations, consider taking appropriate legal action against the concerned party.

9. Whistle-blower Protection/Confidentiality:

The effectiveness of this Policy rests on the integrity of both the whistleblower and the respondent, as well as the confidentiality maintained. However, retaliation by colleagues and harassment or victimization by management remain key deterrents to an effectiveness of whistleblowing framework.

Therefore, to avoid the psychological pressures upon the whistleblowers as a result of whistle blowing, the Bank Management stands committed to safeguard the Whistleblowers and maintain confidentiality of the matter as well as that of whistleblower identity.

Further, in case of whistle blown by employees of the bank, the Bank will appreciate his/her role to assist the Bank in safeguarding its reputation and operational integrity. Therefore, a genuine Whistle Blower will be looked upon favorably in his career prospects within the Bank.

Identity of the whistleblower shall remain strictly confidential except where required by law, regulatory authority or by the competent Court of Law.

Protection extended to whistleblower is limited to the capacity and capability of Bank. Any retaliatory action against any whistleblower as a result of whistle blown by such person under this Policy, shall be treated as misconduct and subject to disciplinary action.

10. Rewards/Incentives for Whistleblower:

Management, at its sole discretion, may offer incentives/rewards to whistleblower 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.

i. 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.
ii. Reward if awarded, shall be according to the significance of the information provided and impact of losses averted as a result.
iii. 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.

11. External Disclosures:

Complainants are advised not to share internal concerns with external parties or bodies, unless such disclosure is specifically required by law. Where external reporting becomes necessary, prior approval should be obtained from the Whistle Blowing Unit. Disclosures made without such authorization may be treated as a breach of confidentiality, official secrets, or the Bank's Code of Conduct, and may lead to disciplinary and/or legal consequences for the individual or any third party involved.

12. Policy Review & Updation:

The Whistle Blowing Policy shall be reviewed every three (3) years, or earlier if warranted by specific events or at the direction of the Board Audit Committee (BAC). Any regulatory directives or changes issued by the State Bank of Pakistan (SBP) from time to time shall automatically form an integral part of the Whistle Blowing Policy.

The Internal Audit Division shall be responsible for maintaining this Policy and ensuring its continued alignment with regulatory directives, applicable laws, and the Bank's internal policies. Internal Audit Division shall periodically review the policy to confirm its relevance, effectiveness, and where necessary, propose modifications or enhancements to the Board Audit Committee (BAC) for deliberation.

Recommendations endorsed by the BAC shall be presented to the Board of Directors for final approval, thereby ensuring that the Policy remains robust, compliant, and reflective of evolving governance and regulatory standards.

13. Reporting to BAC:

The Head of Internal Audit shall provide quarterly updates to the Board Audit Committee (BAC) on whistle blowing complaints.

Whistle Blowing Procedure

The Internal Audit Division has established the following procedure for receiving, handling, and monitoring concerns related to actual/potential wrongdoings. These guidelines are designed to ensure effective implementation of the Bank's Whistle Blowing Policy.

The Whistle Blowing Unit will adhere to this standardized procedure to ensure consistent and equitable treatment when investigating all whistleblower complaints. Throughout this process, the Unit will maintain strict adherence to the core principles of confidentiality, objectivity, and independence, while ensuring comprehensive and timely reporting at each stage of the investigation process.

1. Complaint Lodgment and Handling Procedure:

Any of the bank's employees or outside parties, as whistle blower, may report the matters of concern 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.

i. Whistle blower shall raise his/her concern using any of the following channels for whistle blowing:
   a. **Email**: whistleblowing@bankmakramah.com
   b. **Postal Mail**: Head of Internal Audit – Bank Makramah Ltd | Head Office, 13th Floor, Summit Tower, Clifton Block 2 Karachi. All such mails should be marked "confidential" on the outer envelope.
   c. Whistle Blower also have the option to submit their concern by completing the **"Whistle Blowing Form" appended as "Annexure 1"** which available on Bank's website**.**
   d. Whistleblowers shall preferably share their identity enabling to provide protection in accordance with Whistle Blowing Policy.

ii. No one in the bank staff will have access and rights to delete the emails received at whistleblowing@bankmakramah.com.
iii. The custodian of the whistle blowing email account will be Head of Internal Audit, Head Quality Assurance & Special Assignments (QA&SA) and Unit Head Whistle Blowing Unit. Each of such matters of concern, received through postal/email, 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 confidential and restricted.
iv. Upon receiving the matters of concern from the whistle blower, Whistle blowing Unit shall carry out preliminary scrutiny, so as to ascertain its nature and the key issue involved therein.
v. After initial probing of the matter, if it comes up as a case which does not appear to be a fit case of whistle blowing, Whistle blowing Unit will inform the whistle blower, in writing, that the case cannot be pursued further due to lack of evidence or reasonability of the reported issue.
vi. If the reported matters warrant investigation, the Whistle Blowing Unit will initiate independent investigation with the approval of Head of Internal Audit.
vii. In cases where the whistle is blown against a Group/Divisional Heads, the Head of Internal Audit will carry out the investigation with an intimation of the initiation of investigation to the President & CEO and Head – HRD.
viii. Investigation to be carried out shall be independent without any interference. It is expected to be conclusive with assignment of responsibility of wrongdoing based on the bank's Code of Conduct

& Ethics and professional standards. The Investigation Report so finalized, including a summary of the evidence and conclusion shall be submitted to the concerned Group Heads/DCEO/CEO and the HRD for Disciplinary action.

ix. 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. The defending employee has the same rights of escalating the level of appeal that the whistleblower has.

x. Records of the Whistle Blowing processes, investigations, and reports shall be properly maintained by Whistle blowing Unit in line with bank's record retention policy, who shall always ensure strict confidentiality.

xi. In extreme cases if the designated officials stipulated in this policy are thought to be complicit in the alleged misconduct, whistleblowers can report it directly to the Chairman of the Board Audit Committee through mail addressed as follows:

Private and Confidential

The Chairman of the Board Audit Committee
Bank Makramah Ltd
9th Floor, Summit Tower
Clifton Block 2
Karachi.
(Note: Such mails should be marked as "Private and Confidential", so that it can be opened only by the Chairman BAC).

2. Turnaround Time to conclude Investigation:

Depending on the nature of the complaint or concern, the Whistle Blowing Unit shall endeavor to complete its investigation, preferably within forty-five (45) days from the date of receipt.

3. Disclosures:

3.1. Vexatious / Malicious Concerns

Protection under the Whistleblowing Policy does not extend to employees/3rd parties who act in bad faith or raise malicious, vexatious or knowingly untrue concerns. Employees/3rd parties who raise such concerns in order to harm Colleagues/ Bank, will face disciplinary/legal proceedings, which may even result in dismissal from service or termination of contract, as the case may be.

3.2. 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.

3.3. Anonymous Disclosures

The Banks whistle blowing policy encourages open or confidential reporting where the identity of whistleblower will not be disclosed but expects anonymous reports/disclosures made with sufficient detail or supporting evidence.

3.4. Disclosure to Public and External Bodies

Whistle Blowing Unit shall maintain strict confidentiality of the whistle blowing processes and shall not disclose any information to the public or any of the external bodies unless appropriately authorized or required by law.

3.5. Protection Against Retaliation

The Bank strictly prohibits any form of retaliation, harassment, discrimination, or adverse action against whistleblowers who make disclosures in good faith. This includes protection against dismissal, demotion, suspension, transfer, harassment, or any other detrimental treatment. Any individual found engaging in retaliatory conduct will face disciplinary action up to and including termination.

3.6. Legal Privilege and Professional Obligations

The Bank reserves the right to claim legal professional privilege over communications with its legal advisors regarding whistleblowing matters. External auditors, legal counsel, and other professional advisors remain bound by their respective professional obligations regarding confidentiality and reporting.

3.7. Conflict of Interest

When a whistleblowing complaint involves members of the Whistle Blowing Unit or Internal Audit Division, the matter will be immediately escalated to the Chairman of the Board Audit Committee, who will determine and implement appropriate alternative investigation methods to ensure complete independence and objectivity in the investigation process.

Appendix

Annexure 1

Whistleblowers' Form

(Before filling out this form, we encourage the Whistle-Blower to first read and fully understand the contents of the Bank's Whistle Blowing Policy)

Date: ________________

1. Which of the following classifications best describe the circumstances (Select that apply)?

Classification	Yes/No
Unethical Behavior	
Fraud & Forgery	
Parallel Banking	
Financial Malpractice	
Bribery	
Corruption	
Money Laundering	
Terrorist Financing	
Insider Trading	
Password Sharing	
Alleged Dishonesty	
Danger to Health & Safety	
Bullying	
Professional harassment including Sexual Harassment	
Discrimination	
Regulatory Misreporting	
Questionable Accounting	
Auditing & Financial Reporting Process	
Breach of Law	
Unauthorized Use or Illegal Activity	

2. What is your confidentiality preference? Select one from below:

Anonymous: ____	Confidential*: ____	No restriction*: ____
**If "Confidential" or "No restriction" options is selected, please provide the following information:*		
Name:		
Relationship with Bank (Employee/ Ex-Employee/ Customer/ Vendor/ Other):		
Employee No. (if applicable)		
Address:		
Phone No.		
Cell No.		
Email		

3. Would you like to schedule a meeting / telephone call with our representative to discuss your concern?

Yes No

4. Please provide Location/identification of Branch/Department/Office:

____

5. Please state the names(s) of the employee(s)/ individual(s) involved in alleged activity:

S. No	Names	Designation/Grade

6. Has the activity that you wish to complain about, been reported to any other Person/ Forum/ Department?

No	Yes	(If yes, then to whom and when)?

7. Provide describe the alleged incident with as much detail as possible:

8. Provide name/s of Witness (If any):

i. _______________
ii. _______________
iii. _______________

9. Please provide any evidence if any (this may include witness details/ audio/video recordings, photographs, system generated reports, or any other form of data/information/record deemed to be appropriate as evidence).

Attach Files

10. Declaration:

- I hereby, confirm that the information provided is true to the best of my knowledge and belief.
- I understand that providing false or misleading information may result in disciplinary or legal consequences.

11. Signature (if not anonymous): ____________________________

Date: ____________________________

For Official Use Only (to be filled by Whistleblowing Unit):

- Case No.: ____________________________
- Outcome of Initial Review:_________________________