



MCB Islamic Bank Ltd.

WHISTLEBLOWING POLICY / PROGRAM

(Version 2.1)

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Approved By	Board of Directors



In the name of Allah, the Most Gracious, the Ever Merciful

This policy document has been prepared in accordance with principles of Islam as set out in **Shari'ah**. The bank shall ensure full conformity of its operations with Shari'ah principles, fatawa, instructions, and guidelines of the Sharia Board / Shari'ah Compliance Department.

BOD is fully cognizant of Shari'ah rulings and its potential implications on the reputation and business of the bank. In case of any deviation of business activity under this policy, from the principles of Sharia & Guidelines of the Shari'ah Board / Shari'ah Compliance Department, the latter shall prevail and the relevant clause / section of this policy document shall stand null and void.



Page 3 of 14



TABLE OF CONTENTS

1. OVERVIEW.....	5
2. OBJECTIVE.....	6
3. SCOPE.....	6
4. INDEPENDENCE OF WHISTLEBLOWING FUNCTION.....	6
5. DEFINITIONS.....	6
6. PROCEDURES FOR LODGING COMPLAINTS.....	8
7. COMMUNICATION.....	9
8. HANDLING COMPLAINTS.....	9
9. FALSE ALLEGATIONS.....	10
10. PROTECTION RIGHTS AND REWARDS FOR THE COMPLAINANTS.....	10
11. DISCIPLINARY ACTION AND PUNITIVE ACTION.....	12
12. RIGHTS & RESPONSIBILITIES OF THE SUSPECTED PARTIES.....	12
13. REPORTING REQUIREMENTS.....	12
14. OTHER CONSIDERATIONS.....	13
15. DISCLOSURE TO EXTERNAL BODIES.....	13
16. ANONYMOUS COMPLAINTS.....	14
17. MONITORING & REVIEW OF POLICY.....	14
18. EFFECTIVE DATE.....	14






1. OVERVIEW

MCB Islamic Bank is committed to operating practices with the highest possible standards of service, delivered in an ethical, professional and legal manner. The bank's interaction with customers, suppliers and others require trust, and all the bank's directors including the CEO and employees (hereinafter referred to as "personnel") must maintain strict compliance with all applicable laws and regulations.

The bank has adopted a code of business conduct that establishes specific expectations regarding the behavior of its personnel and is committed to maintain an effective internal control environment to detect and to prevent or deter improper activities. Effective internal controls can also ensure the accuracy of the bank's financial reporting and related disclosures. However, even the best system of internal controls cannot provide absolute safeguard against irregularities. Intentional and unintentional violations of laws, regulations, policies and procedures may occur, and the bank has a responsibility to investigate and address allegations of suspected fraudulent, wrongful, or improper activities.

This Whistleblowing Program serves to provide a channel for the bank's staff and outside parties to raise concerns, expose irregularities, help uncover financial malpractices, prevent frauds, eliminate personnel harassments and attend to grievances of those associated without any fear of reprisal or adverse consequences. The scope of the policy will mainly cover the cases that escaped the normal procedures and systems.

In order to strengthen governance and service quality, the bank has formulated and designed a mechanism for raising flags and even address concerns like staff protection, preservation of confidentiality and even embedded rewards for complainants.

The Whistleblowing Program will be in addition prevailing systems of complaint and dispute resolution. It will strengthen the governance and service quality at MCB Islamic. This program sets out the procedures for lodging of complaints and concerns by the staff and the outside parties, handling of complaints by the bank, reporting requirements, disciplinary actions/rewards/punitive action and periodic monitoring of the program.

The employees and outside parties will be encouraged to use the guidance provided by this program for reporting wrong doing/improper conduct. It is emphasized that this policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not 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. Employee related complaints received by Whistleblowing Function will be resolved through HRMG and customer complaints will be resolved through Service Quality Department. However if customers / staff are not satisfied with resolution of SQD/HRMG then the complaints will be handled by Whistleblowing Function.

2. OBJECTIVE

As per Internal Audit Charter, the Whistleblowing Function shall address the concerns of customers and employees for reported wrongdoings, impropriety and services inefficiencies affecting bank's overall performance, as per below scope approved by the Board of Directors.

3. SCOPE

The Whistleblowing Program refers to the deliberate, voluntary disclosure of individual or organizational impropriety by a person who has or had privileged access to data, event or information about an actual, suspected or anticipated wrongdoing within or by an organization that is within its ability to control. To conduct investigations either by Audit & RAR staff or through other staff/resources (deligated by Head Of Whistleblowing). e.g. fraud investigations and investigations against complaints received by Whistleblowing Function regarding any wrong doing, impropriety and service inefficiencies, as per Whistleblowing Program, fall under its scope of work.

4. INDEPENDENCE OF WHISTLEBLOWING FUNCTION

For this purpose, Whistleblowing Function will work under the umbrella of Audit Committee. The Head of this Function will preferably be an Executive reporting directly to the Group Head Audit and RAR.

5. DEFINITIONS

a. Allegations

This refers to accusing before proving with evidence.

b. Fraud

This denotes an intentional twisting of the truth or concealment of facts. Employers



might be guilty of fraud, for example, if they maliciously lie about the advantages or disadvantages of the jobs they're offering, or as guise to illegally discharge employees. Fraud typically falls under tort or criminal law.

c. **Improper conduct or Wrongdoing**

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

- corrupt conduct;
- fraudulent activity;
- a substantial mismanagement of MCB Islamic Bank resources; or
- Non-Financial allegations such as sexual or racial harassment

that would, if proven, constitute by a member of the MCB Islamic Bank or its personnel:

- a criminal offence;
- reasonable grounds for dismissing or dispensing with, or otherwise terminating, the services of MCB Islamic personnel who was, or is, engaged in that conduct; or
- reasonable grounds for disciplinary action.

d. **Malicious**

Intent to cause harm without justification and regard for legal rights.

e. **Vexatious allegations**

Allegations which are intended to annoy / harass someone.

f. **Protected Disclosure**

For the purpose of this policy, Protected disclosure is defined as "Any communication in good faith based on reasonable grounds that discloses or demonstrates an intention to disclose information that may evidence a wrongdoing or improper conduct".

g. **Whistleblowing**

For the purpose of this policy, Whistleblowing is defined as: "The deliberate, voluntary disclosure of individual or organizational malpractice by a person who has or had privileged access to data, events or information about an actual, suspected or anticipated wrongdoing within or by an organization that is within its ability to control."



h. **Whistleblowing Function**

Independent Function established for receiving, handling and monitoring allegations, complaints and concerns raised by the complainant / whistleblower.

i. **Whistleblower**

For the purpose of this policy, a Whistleblower is defined as: "any employee, director, related officer, contractor, service user, customer or any member of public, who makes or attempts to make a disclosure of improper conduct or wrongdoing."

j. **Suspected party**

For the purpose of this policy, Suspected Party is defined as "A party who is likely to be guilty based upon slight evidence or without proof".

6. PROCEDURES FOR LODGING COMPLAINTS

I. PARTIES TO WHISTLEBLOWING

Following are the parties to the Whistleblowing Program:

- a. Any employee, as Complainant;
- b. Any outside party, including shareholders, accountants, vendors, customers etc. as Complainant;
- c. Whistleblowing Function, handling complaints, allegations, concerns against malpractice, wrongdoings etc.

II. WHISTLEBLOWING ACTIVITIES & DISCLOSURES

The following are to be reported to the Whistleblowing Function;

- a. Allegations of Suspected Fraudulent act, Wrongdoing, or Improper conduct by the bank's Personnel.
- b. Allegations of Suspected Wrongdoing or Complaints relating to the bank's accounting, internal controls, auditing or financial reporting matters.

Reports are to be made in writing to ensure a clear understanding of the issue(s) being raised. Such reports should be factual rather than speculative, and contain as much specific information as possible, including name(s), dates, places, events,



employee's perception of why he/she suspects the fraudulent act, wrongdoing, or improper conduct in accounting, internal controls, auditing, or financial reporting.

7. COMMUNICATION

Employees or outside parties with concerns or complaints may report such concerns or complaints through the bank's hotline, e-mail, fax or regular mail (subject to change). Concerns and complaints received through these means shall be forwarded to concerned person.

Landline: 042 – 3450 1023, 3450 1029

E-mail: wb@mcbislamicbank.com

Fax: 042 – 3810 8047

Regular Mail: Monitoring & Whistleblowing Function, T-59 DHA Phase II, Lahore.

Complaint should be submitted once only through any one of the above means.

8. HANDLING COMPLAINTS

The detailed process of handling complaints is provided below:

- a. The nature of each complaint will be determined and accordingly classified.
- b. Each complaint received by the Whistleblowing Function is to be logged into a tracking report and assigned a code. This code will be used in all subsequent processes including investigation and reporting of the allegation. Access to information regarding identity of complainant will be restricted.
- c. Each complaint will be assessed by the Head of Whistleblowing Function or staff nominated by him/her with a view to decide whether it meets the criteria laid down in Whistleblowing policy, and whether a future investigation is required, and form that such investigation should take.
- d. Initial inquiries / assessments will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation.
- e. The complaint(s) involving personnel harassment will be referred to HRM for their appropriate action(s) in accordance with anti-harassment policy if any.



- f. The cases warranting investigation should be forwarded to the respective Unit of Audit & RAR Group endorsing a copy to Group Head Audit & RAR for investigation.
- g. An investigation will only be conducted if the allegations / information are sufficiently specific and contains adequate corroborating evidence to warrant an investigation.
- h. Investigators must be competent, trained, independent, unbiased, objective, and ethical, and observe legal and professional standards.
- i. The complainant shall be sent an acknowledgement within five (5) working days.
- j. The action taken by the Bank will depend on the nature of the complaint and the results of the investigation. The final investigation report will be forwarded to Head of HRMG in case disciplinary action is required against the delinquent staff for necessary action. Copy of this report will be endorsed to concerned Group Head. However if considered necessary the report will also be provided to the President.

9. FALSE ALLEGATIONS

Deliberately making a false report is also covered under this policy. This is not meant to discourage or limit the rights of individuals from making reports of alleged malpractices or wrongdoings. The bank recognizes that, in some instances, it may not be possible to determine whether a report / action is warranted. Employees should not be reluctant to report information because they are uncertain of who will be believed and whether the allegation can be proved. This is expected from all employees to refrain from rumor mongering, irresponsible behavior and false allegations and 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 vexatious allegations, disciplinary action may be taken against them and punitive action may be imposed as prescribed in article 11.

10. PROTECTION RIGHTS AND REWARDS FOR THE COMPLAINANTS

a. Commitment to protecting complainants

The MCB Islamic Bank is committed to the protection of genuine complainants against action taken in reprisal for the making of protected disclosures.

b. Confidentiality

Confidentiality of the complainant's identity, the nature of the report, and the suspected person's identity is to be strictly maintained.



c. Keeping the complainant informed

The Whistleblowing Function will ensure the complainant is kept informed of action taken in relation to his or her disclosure as per handling procedures.

d. Complainants implicated in improper conduct or wrongdoing

The MCB Islamic Bank acknowledges that the act of Whistleblowing should not shield complainants from the reasonable consequences flowing from any involvement in improper conduct or wrongdoing. A person's liability for his or her own conduct is not affected by the person's disclosure of that conduct. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

e. Harassment or Victimization

The bank recognizes that the decision to report a concern can be a difficult one to make because of the fear of reprisal from those responsible for the malpractice. The bank will not tolerate harassment or victimization and will take action, which could involve disciplinary proceedings to protect complainants when they raise a concern in good faith.

Retaliation against an individual, who, in good faith, has made a Complaint, disclosed information relating to a Complaint or otherwise participated in an investigation relating to a Complaint, is prohibited regardless of the outcome of the investigation. Complaints of alleged retaliation also are to be directed to the Whistleblowing Function. The Bank shall not discharge, demote, suspend, threaten, harass or in any manner discriminate against an employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of Complaints, participation in a related investigation or otherwise. However, an employee's right to protection from retaliation does not extend immunity for any complicity in the matters that are the subject of the complaint or an ensuing investigation.

f. Rewards

Complainant may be awarded monetary benefit / career advancement depending upon the nature and gravity of the disclosure. The decision of the Audit Committee would be full and final in determining the nature and amount of reward. But only those complainants will be rewarded who will report such allegation by disclosing their complete identity and would also help in investigating the matter through providing proofs/evidences if asked for by the Investigator / Incharge of Whistleblowing Function.



11. DISCIPLINARY ACTION AND PUNITIVE ACTION

Where an employee commits breach of the regulations of the bank or the complainant is guilty of a false allegation against any other employee or any other act or improper conduct or wrongdoing or insubordination the competent authority may impose on him one or more of the following punitive actions:

- a) Reprimand;
- b) Postponement or stoppage of increment or promotion;
- c) Recovery from the pay or otherwise of the whole or part of any pecuniary loss caused to the bank by the employee;
- d) Degradation to lower stage of pay in his grade or to a lower grade; or
- e) Compulsory retirement from service and Termination / dismissal from Bank services with / without benefits.

All such cases will be forwarded to Head HRM who will decide the outcome of each case according to its gravity.

12. RIGHTS & RESPONSIBILITIES OF THE SUSPECTED PARTIES

- The suspected party(ies) of a Whistleblowing investigation has the right to consult with a person or persons of their choice. This may involve representation from his/her colleague from the bank.
- The suspected party(ies) has a responsibility not to interfere with the investigation. They are not to withhold, tamper, or destroy evidence or influence, coach or intimidate witnesses. Unless there are compelling reasons to the contrary, subjects should be given the opportunity to respond to material points of evidence contained in an investigation report.
- The suspected parties are bound to answer / respond to the queries made by Investigator and appear in person if called for by the investigator.

13. REPORTING REQUIREMENTS

- At the conclusion of a Whistleblowing investigation, a written report that provides the findings of the investigation, including a summary of the evidence and a conclusion as to whether or not the allegations are substantiated is to be completed and logged into



the Audit Committee's tracking report.

- The Audit Committee shall have the authority to, at any time, obtain briefing regarding any investigation of a Complaint and any findings regarding a Complaint.
- A tracking report documenting all whistleblowing allegations and actions taken to resolve them will be submitted to the Audit Committee at least bi-annually and to Board through minutes of the Audit Committee..
- Record of all response letters, Complaints and documentation shall be properly maintained.
- Records of Whistleblowing Function complaints, investigations, and reports are to be retained for at least ten years or more if required by any law & regulation or is reasonably anticipated to become the part of a pending or threatened lawsuit or investigation.

14. OTHER CONSIDERATIONS

- The bank should keep good records to protect evidence, ensure credibility and avoid claims of discrimination.
- It should be made sure that evidence is collected and analyzed by someone with sufficient time, tools and expertise. Expert opinion may be called wherever deemed necessary.
- The Whistleblowing Function should not rush to judgment. The subject of allegation involves rights which are to be safeguarded. Every person should be given ample opportunity to present his / her case and defend the allegation against him / her.
- Consideration should also be given to costs and whether focus is prosecution, recoveries, restitution, or termination.
- The bank's findings should not result in a public record unless required by law.

15. DISCLOSURE TO EXTERNAL BODIES

Complainant is not allowed to disclose internal concerns to any of the external bodies unless required by the law and will be subject to Disciplinary action in case he / she found guilty of breach of secrecy.



16. ANONYMOUS COMPLAINTS

Anonymous complaints will be discouraged and will not attract any action thereon.

17. MONITORING & REVIEW OF POLICY / Program

The Audit Committee is responsible for monitoring the effectiveness and compliance of the Whistleblowing Policy. This policy will be reviewed preferably once in two years to ensure it complies with relevant laws and that it remains relevant and effective. This policy may be changed at the discretion of the Board of Directors of MCB Islamic Bank Limited upon recommendation of the Audit Committee.

18. EFFECTIVE DATE

This policy will be effective from the date of approval by Board of Directors.

