

EXTRACTS OF MINUTES OF 50TH BOARD MEETING HELD ON 28.08.2017

Approval of:

i- Whistle Blowing Policy (WBP) – Second Version 2017

The President informed the Board that ownership of the Policy was shifted from the Internal Audit to Compliance division with Board's consent in an earlier meeting. Accordingly, the Compliance Division had incorporated some important suggestions in the Policy under review. The WBP caters to various aspects, namely: Policy Statement- which covered: Objectives of the Policy, Communication Channels, Complaint Handling Procedure, Confidentiality and Protection of Whistleblowers, Incentives for WBs, Misuse of whistle blowing, Reporting, Disciplinary action against deliberate false complaints. Responsibilities of Employees, CEO, Divisional heads, Human Resource Division, Board's Audit Committee. The Policy would be available at Bank's Employees portal and will be revised and updated from time to time. It also caters to the consequences of non-compliance.

The Chairman asked as to who will be responsible for monitoring and reviewing the WBP. The President informed that overall responsibility for monitoring and reviewing the implementation of Whistle Blowing Policy lies on the Audit Committee.

Mr. Tajammal Bokharee asked whether the features of Policy were in consonance with those of WB Regulations circulated by SECP. The Company Secretary informed that SECP was reported to have put on hold the said Regulations till such time a bill to that effect was in process of legislation. The Chairman Audit Committee consented to above. As the Policy was scanned through Risk and Compliance Divisions, the Board, after detailed discussion approved revised version of Whistle Blowing Policy and passed following resolution:

" THE BOARD HEREBY RESOLVES TO approve second version of Whistle Blowing Policy of Sindh Bank, as presented."

ii- KYC/AML Policy (Amendment) – 2017

The Chairman placed the working paper containing second version of KYC/AML Policy- 2017. The formation and revision of the Policy was in line with the requirements of Anti-Money Laundering (AML) Act 2010, AML/CFT regulations and International best practices, such as Financial Action Task Force (FATF), Basel Committee on Banking Supervision, Customer Due Diligence and UN resolutions concerning sanctions to prevent possible use of Banks for money laundering or terrorist financing activities. The policy embodied its scope, objectives, policy statement, Governance structure/ Responsibilities, Awareness & Training, Responsibility of implementation and ownership. The Policy being a comprehensive document was earlier reviewed by Risk Management and Compliance Divisions. The revision in Policy would be made as and when required but within the maximum period of 3 years.

The Board members raised some questions and for better understanding of the Policy invited the head of Compliance, Vigilance & Fraud Risk Division. Head of Compliance then joined the meeting and

explained various features of the Policy and purpose of its revision. After some deliberations the Board approved the Policy and passed following resolution:

"THE BOARD HEREBY RESOLVES TO approve second version of KYC/AML Policy of Sindh Bank, as presented."

iii- Consumer Grievance Policy (Amendments)

The Chairman then presented version 2 of Consumer Grievance Policy which was also prepared and owned by Compliance Division. The guiding principles of the said policy included: Treatment of all complaints efficiently and fairly, Complaint of Customers to be dealt with courtesy and timely, Employees attitude to be good and without prejudice to the interest of customers, Complaints to be resolved within shortest possible time, Consumer Grievance mechanism to be visible and accessible, Complaints handling to be comprehensive, integrated to core business with adequate monitoring. The Policy document embodied its scope and purpose, objectives and had defined roles and responsibilities at various levels. The Board members had gone through the policy which was routed through Risk Management and Compliance functions as per Board directives. Mr. Shahid Murtaza was of the view that the Bank should have an effective and vibrant grievance policy with an in-built mechanism that should satisfy consumers, particularly the customers in the most satisfying manner. In case Bank's policies were not effective and satisfying, the affected persons may approach Banking Mohtasib or the courts in extreme cases, for remedy. The President assured the Board that all policies in vogue were made keeping in view present day requirements, prevailing regulations and capable of absorbing unusual situations, as well. The policies were subject to revision every three years, but can be reviewed even earlier in view of changed environment and regulations. Being satisfied with the contents, the Board approved the amended Consumer Grievance Policy and passed following resolution:

"THE BOARD HEREBY RESOLVES TO approve second version of Consumer Grievance Management Policy of Sindh Bank, as presented."

SINDH BANK LTD

WHISTLE BLOWING POLICY

2017

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Policy Title	Whistle Blowing Policy
Version	2.0
Purpose	The purpose of this Policy is to create an environment by promoting a culture of honesty, dedication and loyalty among the staff where they feel confident to reveal and report any fraudulent, money laundering, immoral, unethical or malicious activity without any fear of retaliation, which in their opinion may cause financial loss and or reputational damage to the Bank.
Scope	<p>The scope of this policy includes all types of unlawful acts / orders, frauds, corruption, misconduct, collusive practices or any other activities which undermines the Bank’s operations, financial position, reputation and objectives.</p> <p>The policy is applicable to all employees of the bank (permanent, part time and contractual).</p> <p>Whistle-blowing complaints/information lodged by the bank employees, customers or any external party shall be treated and managed.</p>
Policy Statement	<p><u>Objectives of the Policy</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> To develop a culture of openness, accountability and integrity; <input type="checkbox"/> To provide an environment/awareness where employees of the Bank blow whistle where they have a suspicion about any immoral, unethical, fraudulent act of any type by present or former employee, vendors, contractors, service providers and customers which may cause financial loss or reputational damage to the Bank; <input type="checkbox"/> To enable Management to take appropriate/remedial action to safeguard bank from financial loss and reputational damage. <input type="checkbox"/> The Bank will put in place a mechanism to evaluate effectiveness of Whistle Blowing Function under this Policy. <p><u>Communication Channels</u></p> <p>In order to achieve the objectives of this policy the bank has established following channels for whistle-blowing reporting:</p> <ol style="list-style-type: none"> 1- A dedicated/secured e-mail for Whistle-blowing reporting (naveed.elahi@sindhbankltd.com) accessible to all Whistle-blowing Committee members 2- Following contact numbers can also be used for whistle-blowing reporting: Cell No: 0300-2206207 / 0301-8220646 Off : (021) 35829302 / (021) 35929652

- 3- Whistle-blowing reporting mechanism is available on Sindh bank's website. <http://www.sindhbankltd.com/WhistleBlowing> and also on employee's portal.
- 4- Whistle-blowing reporting via post on the following address:

Compliance, Vigilance & Fraud Risk Division
 Sindh Bank Ltd, B-2, Federation House,
 Abdullah Shah Ghazi Road , Karachi

Whistle Blowing Complaint Handling Procedure

All reported cases will be discussed with whistle-blowing committee/CEO and decision will be taken for its investigation preferable through Compliance Division.

The results of investigation will be escalated to the WBC /CEO and subsequently shared with the Board Audit Committee.

Apart from WBC/CEO/BAC the name of 'whistle blower' will be kept confidential

Whistle blowing function is responsible for maintaining record of each reported case and its subsequent resolution/action taken as per bank's disciplinary action policy.

In case, whistle blow is against the CEO / President or any Board member, the case will be placed before the Bank Audit Committee to determine further investigation.

In case, whistle blow leads to legal proceedings, the confidentiality of the whistle-blower will not be maintained.

Confidentiality & Protection of whistle blowers

- The information given and the identity of the Whistle-blower will be treated in a confidential manner.
- The Bank stands committed to protect Whistle-blowers for Whistle Blowing, harassment or victimization of the Whistle-blower will not be tolerated.
- 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 his / her personal grudges or grievances or enmity or where the Whistle-blower has been habitually involved in complaining 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 under this Policy shall be treated as Misconduct and subject to disciplinary action.

	<p><i>Incentives for Whistle Blower</i></p> <p>To motivate the Bank's staff to behave honestly, with loyalty without any fear to save the bank from financial or reputational losses, the management may consider suitable incentives.</p> <p><i>Misuse of Whistle Blowing</i></p> <p>It is expected from all employees to refrain from rumour mongering, irresponsible behaviour and false allegations and if staff makes malicious or frivolous allegations /complaint(s) or misuse whistle blowing policy for undue favour, action may be taken against them after proper investigation. However, if the staff makes an allegation in good faith but it is not confirmed during the investigation, no action will be taken against them.</p> <p><i>Reporting</i></p> <p>Strict confidentiality will be observed in submission of the investigation reports carried out by the investigating team formed shall be reported to the Chairman - BAC periodically.</p> <p><i>Disciplinary Action against Deliberate False Complaints</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> If involvement of the Bank's officials in fraudulent, immoral, unethical or malicious activities and other malpractices is proved during investigation of the case then disciplinary action will be initiated as per applicable rules and procedures of the Bank. <input type="checkbox"/> For external parties, the Bank may on the basis of investigation report and recommendations, consider taking appropriate legal action against the concerned party. <input type="checkbox"/> If the matter is of grave nature, the Bank may decide to take legal action against the culprit(s)
Responsibilities	<p><i>Employees</i></p> <p>All employees are responsible to report/whistle blow actual or suspected malpractice, wrongdoing, fraud, corruption, money laundering and or any other misconduct. However they can also choose to raise their genuine concerns / suspicions directly to WB committee members or provided reporting channels in this policy.</p>

	<p>CEO & President CEO & President of the Bank is responsible for ensuring that board approved whistle blowing policy is implemented effectively in the Bank.</p> <p>Divisional Head – Compliance, Vigilance & Fraud Risk Management</p> <ul style="list-style-type: none"> <input type="checkbox"/> Compliance is responsible to circulate Whistle Blowing Policy for the information of all the employees of the Bank <input type="checkbox"/> Is responsible to create awareness and training programs for the employees of the Bank. <input type="checkbox"/> Is responsible to handle whistle blow cases of the employees, its investigation and maintenance of database. <p>Human Resource (HR) If the suspected employee is found guilty of malpractice, wrongdoing, fraud, corruption, money laundering, misconduct or deliberately breaching law, regulation or internal policy etc. HR will initiate disciplinary action as per Bank Policy.</p> <p>Board Audit Committee The overall responsibility for monitoring and reviewing the implementation of the policy lies with bank’s BAC.</p> <p>Availability This policy shall be available on Sindh bank’s employee portal.</p> <p>Revision The Compliance Division shall be responsible for keeping this document updated from time to time.</p>
Consequences of Non compliance	Regulatory/financial and reputational damage.

Definitions	<p>Whistle Blowing - Whistle Blowing is a communication to a competent authority by an individual or an institution to expose and / or inform upon, alleged fraudulent, money laundering, 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.</p> <p>Whistle-blower - Whistle-blower is 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, shareholders, vendors, contractors, service providers, customers, or the general public. 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.</p> <p>Stakeholders - include employees, shareholders, customers and regulators.</p> <p>Fraud - any act or omission, including a misrepresentation, that knowingly misleads, or attempts to mislead or deliberate deception.</p> <p>Corruption - the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.</p> <p>Misconduct - failure by Bank personnel to observe the Bank’s rules of conduct or standards of behaviour.</p>	
Approver	Board of Directors	Approval Date
Policy Owner	Compliance, Vigilance and Fraud Risk Division	
Next Review	August 2020	
Review Periodicity	3 years	