

2015

Whistle-Blowing Policy

بنك الإثمار
Ithmaar Bank



Ithmaar Bank

Risk Management Department

17-Aug-2015

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

Table of Contents

Table of Contents	2
1.0- Statement of Purpose:	3
2.0- Responsibilities	4
3.0- Actions Constituting Fraud	4
3.1- Criminal / Unethical Conduct	4
3.2- Un-procedural Conduct	5
4.0- Red flags	5
5.0- Fraud Prevention Controls:	5
5.1- Ethical Culture:	5
5.2- Workplace Environment:	6
5.3- Fraud Risk Assessment:	6
5.4- Internal Control Framework:	6
5.5- Pre-Employment Screening:	6
6.0- Reporting Procedures	7
6.1- Confidential Whistle-blowing:	7
6.2- Anonymous Whistle-blowing:	7
7.0- Investigations Responsibilities:	7
8.0- Rights and Obligations of Reporting-Persons:	8
9.0- Rights of Person Implicated	9
10.0- Conflict with Local Law:	10

Issue #	Last Revision Date	Page
3	August 2015	2 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

1.0- Statement of Purpose:

In compliance with the requirements of its Corporate Governance Policy, the Bank has already established an internal control framework to prevent frauds and all other possible damages to the Bank. The cornerstone of an effective antifraud environment is a culture with a strong value system founded on integrity. This value system is reflected in the Bank's Code of Ethics & Business Conduct which stresses on the requirement of adhering to the highest standards of ethical, moral and legal conduct of business operations by all Board-Members, employees, the Bank's agents, contractors, clients, and other business affiliates.

In line with the above directives and in order to enhance good governance and transparency, this policy is developed to provide an avenue for Board-Members and employees of the Bank (hereinafter referred to as a "Reporting-Person" or "Whistle-blower") to raise concerns related to fraud, corruption or any other misconduct and to assure that Reporting-Persons who disclose information relating to fraud, corruption or any other misconduct will be protected from retaliation. This process is widely known as "Whistle Blowing".

By blowing the whistle on misconduct, a Reporting-Person can alert the Bank to the fact that their stakeholders are being wrongfully harmed, or that they are at risk of harm.

Board-Members and employees of the Bank have an important role in upholding the Bank's core values and business principles. They can be the first to realize wrongdoing in the workplace, but may be reluctant to express their concerns for fear of retaliation.

This document (the "Whistle-blowing Policy") is designed to ensure that Reporting-Persons who in *good faith* report a case of suspected criminal or unethical conduct will be protected from retaliations, even if their suspicion is ultimately proven to be unfounded.

This approach by the Bank will result in;

- Creating an internal climate in which Reporting-Persons can raise genuine concerns without fear of suffering detriment;
- Increasing the likelihood of alerting management to problems so that they can be addressed to prevent further damage;
- Deterring people from engaging in criminal or unethical conduct by promoting the atmosphere of openness, transparency and integrity.
- Providing guidance on types of criminal or unethical conduct;
- Providing guidance for dealing with suspected persons in a constructive and effective manner;
- Ensuring that all reported cases are handled fairly, promptly and are appropriately investigated; and
- Disciplining any individual who treats in a detrimental way a Reporting-Person.

Issue #	Last Revision Date	Page
3	August 2015	3 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

The Bank is committed to ensuring that every report made under this Policy is examined thoroughly, on a timely basis, without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Bank, and with appropriate technical and investigative expertise, and that the investigation is fair to all parties involved.

2.0- Responsibilities

In accordance with regulatory requirements, the Bank appointed the Head of Human Resources as the Whistle-blowing Reporting Officer who is responsible for implementing the provisions of this policy. The Whistle-blowing Reporting Officer is also responsible for ensuring that Reporting-Persons understand their rights and obligations as explained in this Policy. The Bank must publicly disclose the contact details of the Whistle-blowing Reporting Officer.

3.0- Actions Constituting Fraud

While it is practically impossible to give an exhaustive list of activities that constitute fraud and misconduct, the points listed below will serve as guidance for Reporting-Persons. If there is any question as to whether an action constitutes fraud, the Whistle-blowing Reporting Officer should be contacted for guidance.

3.1- Criminal / Unethical Conduct

Typically, criminal / unethical conduct would include;

- dishonest, fraudulent, improper, illegal, or negligent professional activity or behavior
- failure to act diligently when carrying out duties

Certain types of criminal or unethical conduct, generally financial crime and other criminal offences can cause a legal obligation on the part of the employee, and therefore on the Bank itself, to make a report. The nature of the criminal or unethical conduct and whether or not there are legal obligations, makes no difference to the protections offered to the employee making the report. Criminal or unethical conduct, for purpose of this Policy includes, but not limited to:

- Breaches of laws or regulations;
- Violations of the Bank's Core Values & Business Principles;
- Serious / repetitive / intentional breaches of the Bank's internal rules & regulations;
- Questionable accounting and auditing matters;
- Breaches of Sharia rules;
- Market abuse, Money laundering & Terrorist financing;
- Inside trading;
- Theft, Fraud, Bribery & Corruption;
- Serious irregularities in (financial) reporting;
- Any deliberate concealment of criminal or unethical conduct;

Issue #	Last Revision Date	Page
3	August 2015	4 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

- Breach of client and or the Bank's confidentiality;
- Harassment, bullying or other forms of unfair discrimination on the basis of gender, age, religion or nationality in workplace;
- Endangerment of the health or safety of any person; and
- Any other conduct which may cause financial or reputational loss to the Bank or be otherwise detrimental to the interest of the Bank.

3.2- Un-procedural Conduct

Conduct may be un-procedural if it clearly violates communicated procedures, in the form of policies and/or procedures, governing the operations of the Bank. The Bank specific rules and processes, together with other best-practice procedures, guiding accounting practices and controls, financial reporting, auditing matters, transfer of funds, etc. are important for good governance and breaching them may expose the Bank to risk of loss or real loss.

4.0- Red flags

These indicators are not proof of fraud, but one or more is usually present in circumstances where fraud has occurred. Here are some common red flags:

- Changes in lifestyles (i.e., exceedingly high purchases/expenses.)
- Frequent complaints from customers about the Bank's services or statements.
- Missing or altered documents.
- Employee's inability to manage money.
- Poor internal controls.
- Erratic behavior.
- Employees who have not taken a vacation in years.
- Frequent audit observations.

5.0- Fraud Prevention Controls:

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each Department Head must be familiar with the types of improprieties that might occur within their area of responsibility, and be alert for any indication of irregularity.

The Bank adopts the following measures to prevent misconducts and frauds:

5.1- Ethical Culture:

Management must create high ethical tone at the top. A high ethical culture is the cornerstone of fraud prevention and starts with the board of directors and the executive management. Leading by example, management must show that fraud

Issue #	Last Revision Date	Page
3	August 2015	5 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

or unethical behavior should not be tolerated by anyone. See Code of Ethics and Business Conduct for more details.

5.2- Workplace Environment:

Management must create and maintain a positive workplace. A positive workplace fosters good employee morale, which tends to inhibit conditions that can motivate someone to commit fraud. This all comes down to perceived fair treatment. The ingredients of a positive workplace include strong communication practices, effective training, participatory decision-making, clear communication of responsibilities, and fair recognition and reward systems.

5.3- Fraud Risk Assessment:

Management has primary responsibility for establishing and monitoring all aspects of the entity's fraud risk-assessment and prevention activities. Fraud risk is to be considered as part of the Bank's Operations Risk Management programs. The fraud risk-assessment process should consider the vulnerability of the entity to fraudulent activity (fraudulent financial reporting, misappropriation of assets, and corruption) and whether any of those exposures could result in a material misstatement of the financial statements or material loss to the organization. In identifying fraud risks, Management should consider organizational, industry, and country-specific characteristics that influence the risk of fraud.

5.4- Internal Control Framework:

The Management is responsible for putting place a system of internal control sufficient and appropriate for the Bank's business undertakings in order to prevent any possible damage to the Bank or its clients. It should cover all key issues, ranging from management, operations, custodianship, financial systems, risk management, and compliance matters, amongst others. The organizational structure of the Bank shall always be arranged to enhance efficient functioning of management. Refer to Section 5 of the Corporate Governance Policy for further details on internal control.

5.5- Pre-Employment Screening:

Pre-employment screening shall be used to screen prospective employees or workers for particular jobs for a medical condition, criminal record or conviction which may place the Bank, clients, employees or workers at risk. Screening of prospective employees or workers may be warranted based on the nature of the work, or area within which the work is to be performed.

Issue #	Last Revision Date	Page
3	August 2015	6 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

6.0- Reporting Procedures

The Bank wishes to assure the safety of whistle-blowing, and therefore undertakes to treat all whistle-blowing reports as either **confidential** or **anonymous**. The choice between confidential or anonymous whistle-blowing is that of the whistle-blower alone:

6.1- Confidential Whistle-blowing:

A Reporting-Person may choose to reveal his/her identity when a report or disclosure is made. Should this be the case, the Bank will respect and protect the confidentiality of the Reporting-Person, and gives the assurance that it will not reveal the identity of the whistle-blower to any third party. The Bank is absolutely committed to protect Reporting-Persons who make reports under this policy.

The fact of the disclosure and the suspected criminal or unethical conduct will be treated with the utmost confidentiality by all parties involved or otherwise aware of the reported matters (subject always and only to any disclosures required to be made as part of any regulatory process and/or legal proceedings).

Confidential whistle-blowing can be done by directly and personally contacting the Whistle-blowing Reporting Officer.

However all whistleblowing reports should be made in writing by the Reporting Person. The report should be descriptive enough (subject to the Reporting Person's knowledge of the incident) for the Whistle Blowing Reporting Officer to initiate an investigation into the matter.

Suggestive content of a whistle blowing report shall include the following:

- ✓ An overview/outline of the incident
- ✓ Specific details of the incident such as when, where and how the incident occurred
- ✓ Names of individuals involved or suspected to be involved
- ✓ Names of individuals who may have further information about the incident
- ✓ Names of individuals who you have discussed or reported this incident to;

6.2- Anonymous Whistle-blowing:

Alternative to confidential reporting, a Reporting-Person may choose not to reveal his/her identity. With the reporter's anonymity thus assured, the identity of the Reporting-Person cannot be ascertained by anyone and the interests of such Reporting-Person are protected from possible harm through retribution by those who stand to benefit from the reported misconduct.

Anonymous whistle-blowing can be done via an E-mail sent from an anonymous mail account (such as one created on Hotmail or Gmail) to the following email account: whistle@ithmaarbank.com or through an ordinary mail/letter sent to the Whistle Blowing Reporting Officer. All mails sent to this address are automatically sent to the Whistle-blowing Reporting Officer.

Issue #	Last Revision Date	Page
3	August 2015	7 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

Reporting-Persons should regularly check their email accounts for any further queries that may be raised / required for the report.

7.0- Examinations Procedure:

The Whistle-blowing Reporting Officer will review each report received to judge the authenticity and seriousness of the concerns raised and will discuss the same with the CEO who will decide whether an enquiry is warranted. However, if the report concerns the CEO, the Whistle-blowing Reporting Officer will forward the case directly to the Audit & Governance Committee which will handle the case.

All fraud cases, or suspected fraud cases, shall be examined by an "Examination Team" comprising senior representatives from Internal Audit Department, Compliance & AML Department, Legal Department Human Resources Department and if required this team may include senior staff from other departments. This composition of the Examination Team shall ensure that suspected cases will be reviewed by technically qualified persons and will also ensure fair treatment of the suspected person. Where the person implicated is a Board member, the Examination Team may comprise Board members appointed by the Board of Directors.

This Examination Team has the primary responsibility for the examination of all suspected fraudulent acts as defined in the policy. If the examination substantiates that fraudulent activities have occurred, the Examination Team will issue reports and recommended action.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the Legal Department and senior management (or where applicable, the Board of Directors).

Examination results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Bank from potential civil liability.

All inquiries concerning a case under examination from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Examination Team or the Legal Department. No information concerning the status of the case will be given out.

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and the Human Resources Department rather than the Examination Team.

All documentation concerning the investigation/examination shall be in the custody of the Whistle Blowing Reporting Officer and should be retained as per the CBB's record retention regulations.

Issue #	Last Revision Date	Page
3	August 2015	8 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

8.0- Rights and Obligations of Reporting-Persons:

Both confidential and anonymous whistle-blowing options are aimed at safe reporting.

Safety is a concern because those who benefit from misconduct may attempt to retaliate against or victimize a Reporting-Person.

- Such adverse consequences can only materialize if the identity of the Reporting-Person is known through a breach of confidentiality.
- An anonymous Reporting-Person cannot be victimized provided that such Reporting-Person also protects the anonymity of his or her identity.

Where an individual makes a report under this Policy in good faith, reasonably believed to be true, there will be no retaliation against the Reporting-Person should the disclosure turn out to be misguided or false.

Under no circumstances would the identity of the Reporting-Person be disclosed unless it is absolutely necessary for the purposes of the investigation and/or subsequent action, and never disclosed without written consent of the Reporting-Person, unless such disclosure is required by Law.

Any Reporting-Person who is found to have used this Policy to file malicious or frivolous reports will themselves risk disciplinary action.

No Reporting-Person whose own conduct is implicated in the matters reported under this Policy will be given any immunity from personal investigation or discipline purely as a result of having made the report. Consideration may however be given to the fact that a report has been filed and to all assistance and co-operation provided by the relevant Reporting-Person.

Reporting-Person who raise concerns or report potential criminal or unethical conduct must keep it confidential, the fact that they have done so, the details of the matter and any feedback given to them and not make disclosures other than in accordance with this policy. Reporting-Person should also understand that all matters reported under this Policy will, where required, and where they are found to be true and are considered to be material, either be notified to, or otherwise remain available for inspection by, the relevant authorities, if required.

Where a disclosure has been made in good faith, and subsequently leads to regulatory or court hearings, the Reporting-Person may be obliged to act as a witness. Where this occurs, the Bank will provide appropriate help and support, including any necessary legal advice, to the Reporting-Person throughout the hearing.

Issue #	Last Revision Date	Page
3	August 2015	9 / 10

Volume	Operations Risk Management
Chapter	Whistle-Blowing Policy

The Reporting-Person should be advised by the Whistle-blowing Reporting Officer not to contact the suspected individual in an effort to determine facts or demand restitution. The Reporting-Person should also be advised not to discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal Department or the Examination Team.

9.0- Rights of Person Implicated

Any of the Bank staff members implicated by reports of irregularities must be notified in good time of the claim made against him/her, provided that this notification does not impede the progress of the procedure for establishing the circumstances of the case. In any event, findings referring to a staff member specifically by name may not be made upon the completion of the above-mentioned procedure, unless that staff member has had the opportunity to put forward his/her comments in keeping with the principle of respect for the right to be given a fair hearing.

After having heard the implicated staff member, or after having requested the latter to put his/her case in writing or if, for objective reasons, it is not possible to hear him/her directly, the Examination Team shall decide on the measures required in the Bank's interest.

Since the reporting of irregularities and/or the ensuing procedure will involve dealing with personal data, such data shall be managed in keeping with the principles and rules provided for in the regulations applicable to the Bank and the relevant directives issued by the CBB.

10.0- Conflict with Local Law:

In case of conflict between this Whistle-blowing Policy and any, e.g. local laws or regulations including professional obligations, the local laws and regulations must be followed rather than this policy.

Issue #	Last Revision Date	Page
3	August 2015	10 / 10