



## **WHISTLE BLOWER POLICY**

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### **PREAMBLE**

#### **The purpose of the policy**

MBSL is committed to conducting its business activities with integrity and maintaining high standards of ethical business conduct and corporate governance, as articulated in MBSL Code of Business Conduct. To ensure these objectives are achieved, the Company encourages the reporting of any actual or suspected instances of illegal, unethical, fraudulent or undesirable conduct (Reportable Conduct) involving any employee and / or third parties.

This policy stipulates the framework on whistle blowing as a channel of reporting concerns that will affect the integrity and reputation of MBSL. The whistle blowing channels of MBSL are open to all employees.

#### **The scope of the policy**

This policy applies to everyone working, for or on behalf of MBSL, that includes all employees, Directors, officers, agents, staff, temporary workers, interns, consultants, contractors or any other including direct or indirect customers, regardless of the duration of their employment contract or other type of relationship. Employees' grievance related concerns are outside of the scope and dealt under a separate policy.

### **WHISTLE BLOWER POLICY STATEMENT**

#### **Key Principles**

The Whistle Blowing Policy of MBSL is structured around four key principles: the protection of confidentiality; the prevention of victimization and non-retaliation principle; anonymous allegations and reporting in good faith. These four principles are laid down below in more detail.

#### **❖ Protection of Confidentiality**

The principle of confidentiality is a corner stone of the Whistle Blowing Policy. The recipient of the whistle blowing report and all others involved in the whistle blowing process will treat the information confidentially with utmost care.

The Company shall endeavor to protect an individual's identity as far as possible. However, it must be appreciated that a written statement by way of an anonymous letter, note or an email from the

Whistle Blower may be required as part of the evidence in the investigation process and to establish the independence and objectivity of further inquiries, investigations and reviews conducted on this respect.

#### ❖ **Prevention of Victimization and Retaliation**

An employee who raises concerns under the Whistle blowing Policy 'in good faith' will be appropriately protected from retaliation, discrimination, or other types of unfair treatment.

Appropriate action will be taken against anyone under the control of MBSL, who attempts to victimize an employee who has reported on any matter under this policy.

#### ❖ **Anonymous Allegations**

MBSL encourages any person to raise concerns anonymously.

Concerns expressed anonymously will be evaluated by the Company for investigation based on.

- ❖ The seriousness of the issue raised;
- ❖ The credibility of the concerns; and
- ❖ The likelihood of confirming the allegation from attributable sources
- ❖ Time frame mentioned in whistle blowing report (there are limitations in the access of data if the irregularity took place a long ago)

#### ❖ **Reporting in Good Faith**

This policy protects whistle blowers who report in good faith. A report is considered to be made in good faith, if the individual had reasonable grounds to believe the information was true, as of the time of being reported. If it later turns out the information was not true, but the report was made in good faith, the whistle blower will be protected.

Those who deliberately, and knowingly report wrong or misleading information do not enjoy protection and disciplinary action will be taken against them.

#### **What to Report (Reportable Conduct)**

A report may relate but not limited to any of the following.

- ❖ Questionable accounting
- ❖ Violation of established internal controls
- ❖ Bribery and/or undue commissions  
E.g., An indication of major changes in lifestyle of an employee without a genuine reason.
- ❖ Falsifying records
- ❖ Insider dealings
- ❖ Money laundering under Prevention of Anti-Money Laundering Act
- ❖ Theft and fraud

- ❖ Misusing of Company's assets
- ❖ Violation of Code of Conduct for employees
- ❖ Misrepresentation or false statements
- ❖ Any other action that are unethical or contrary to proper corporate governance and stewardship policies and will be harmful to the financial health or reputation of the Company.
- ❖ Any other unlawful or illegal acts

### **Raising a Concern**

The employees must report their concerns to the Head of Internal Audit and the Head of Internal Audit must report such concerns to the Audit Committee Chairman. In the event, the concern is related to the Head of Internal Audit and/ or internal audit function, the employees must report their concerns directly to the Audit Committee Chairman.

Employees are encouraged to report any concern in writing giving the background and history of the incident, names of the persons involved, dates and places as far as practicable. Those who do not feel comfortable to report their concerns in writing, could report via telephone or meet the appropriate officer in person and report the concerns.

The reporting is not expected to prove the truth of allegation, but the employee should be able to demonstrate that there are sufficient grounds for concern. Employees are encouraged to raise concerns immediately, which will help faster investigation process and corrective actions.

Customers and members of general public (Third Party) are entitled to report anonymously and in confidence. The Company is committed to facilitate an open dialogue with customers and concerned members of the general public with respect to the scope of matters stated in this policy with the aim to provide a mechanism for them to voice their concerns made in good faith. They are not expected to prove evidence of an allegation. However, they should be able to demonstrate that there are sufficient grounds for concern.

In case of any serious concerns, the Whistle Blower may also directly approach the Chairperson of the Audit Committee.

### **The Investigation Process**

The Head of Internal Audit is ultimately responsible for determining the validity of each report, concern or complaint in consultation with the Chief Executive Officer, Head of Legal, Head of Compliance and Head of Human Resources. The Head of Internal Audit shall report any legal, regulatory non-compliance or any Reportable Conduct to Audit Committee and ensure that management takes corrective action including, where appropriate, obtaining internal or external legal advice as appropriate.

Matters reported will be investigated and dealt with promptly and appropriately based on the seriousness of the concern.

A standard communication will be made only to external whistle blowers with an appreciation by the Authorized Whistle blowing Officer of MBSL, to establish its commitment in upholding transparent, unbiased and ethical business processes. In the event, such communication deemed unnecessary, Authorized Whistle blowing Officer of MBSL, may do so with advise to Board Audit Committee.

### **Board Review of Policy**

The Audit Committee must review the effectiveness of this Policy at least yearly and make recommendations to the Board for improvements to the Policy to fulfill its objectives.

### **Channels of Reporting and Communication**

Email [whistleblowing@mbslbank.com](mailto:whistleblowing@mbslbank.com) or write to:

Assistant General Manager - Internal Audit  
Internal Audit Division  
Merchant Bank of Sri Lanka & Finance PLC  
Bank of Ceylon Merchant Tower  
Level 9, No. 28,  
St. Michael's Road, Colombo 03.  
Tel - 0114-711711 Ext: 1706  
Email: [majinthai@mbslbank.com](mailto:majinthai@mbslbank.com)

### **Administration of Policy**

This policy is owned by Internal Audit Division under the direction and authority of AGM - Internal Audit.

***Review frequency*** : ***Annually***

***Reviewed and approved by*** : ***Board of Directors***

***Last updated*** : ***16-06-2023***

***Date*** : ***22-08-2024***