

# Policy for Whistleblowing

Following are an abstract of policy for Whistleblowing;

## Introduction

The Whistleblowing Policy gives legal protection to employee(s) or person(s) against being dismissed or penalized by their employers as a result of alone or jointly, provides to the Regulatory Authorities and to the Sanghar Sugar Mills Limited (the Company) with information regarding a contravention or indented contravention of the Laws and policies administered by the Regulatory Authorities and the Company.

It is fundamental to any employment contract that an employee will be loyal to his or her employer and will not disclose confidential information outside the organization. However, from time to time, a member of staff might discover information which he or she believes shows wrongdoing or malpractice within the organization. On such occasions, it must be made possible for the information to be disclosed without fear of reprisal.

## Policy Statement

The Company is committed to the highest standards of honesty, openness and accountability. It aims to ensure that it operates in a responsible manner, taking into account standards set out. It recognizes that individual members of staff have an important role in helping to achieve this aim.

It is often members of the Company who are first to know if someone in the Company, or connected with it, appears to be acting illegally or improperly. They may feel apprehensive or anxious about raising their concerns, and their loyalty to the Company or to a colleague may prevent them from doing so. They might also be concerned that they will not be taken seriously or about any action against themselves that a disclosure might provoke. However, the Company encourages individuals who have knowledge, or reasonable suspicion, of wrongdoing to come forward. The Company takes all wrongdoing seriously and believes that any evidence suggesting such behavior should be investigated thoroughly.

The purpose of this procedure is to assist and enable all person(s) and or employee(s) of the Company to raise concerns or to disclose information which they believe, in good faith, may indicate malpractice.

## Scope of the Policy and Procedure

The policy and procedures are concerned with alleged malpractice, impropriety or wrongdoing in the Company, which it is in the Company's or Shareholder's interest to disclose. The purpose of this policy is to establish appropriate handling of the receipt, retention, and treatment of Whistleblowing matters that may involve; (however it is not an exhaustive list):

- Breach of Company's Polices / Manuals (Accounting policies, Department Manuals, Money Laundering, Department Standard Operating Procedures or other policies / manuals);
- Breach of Internal Controls, management override of controls or other auditing matters;
- Non-compliance of various regulations and rules applicable on the Company (Companies Act, Income Tax Ordinance, Listing regulations, Rule Book of Pakistan Stock Exchange, Securities Act, Code of Corporate Governance and etc. and their related rules, notifications, directives or circulars etc.);
- Non-compliance of Code of Conduct;
- Fraud that is the use of deception with the intention of gaining an undue advantage, avoiding an obligation or causing loss to another party;
- False representations of a matter of fact whether by words or by conduct to clients or other stakeholders or any other fraudulent activities;

- Misappropriation of assets;
- Misuse of confidential information or deliberate falsification of records;
- Gross misconduct, gross incompetence, gross inefficiency or inadequate performance;
- Willful omission to perform duty;
- Illicit and corrupt practices;
- Acts of omissions which are deemed to be against the interest of the Company, laws, regulations or public policies;
- Deliberate damage to or misuse of Company's property, plant & equipment and resources;
- Taking or giving bribes or any illegal gratification or any other questionable activity;
- Serious breach of confidence, including insider dealing in securities;
- Financial malpractice or impropriety or fraud;
- Dangers to health and safety or the environment;
- Criminal activity;
- Improper conduct or unethical behavior including any offence;
- Miscarriage of justice; and
- Attempts to conceal any of the above and others.

It can be difficult to decide whether a particular action falls within the procedures and it may be that, when concerns are investigated, it appears appropriate to address them through other more specific procedures. As part of its day to day conduct of business, the Company takes decisions under established and reasonable procedures. It is not intended that this procedure will allow such decisions to be questioned unless on grounds of malpractice, impropriety or wrongdoing.

### **Conduct of Whistleblower**

Whistleblower shall:

1. Act in good faith; explanation: protected disclosure shall not be 'in good faith' if the whistleblower has any other secret or unrelated reason for making the disclosure;
2. Have reasonable grounds to suspect that the protected disclosure indicates that the Company or regulated person has contravened or intends to contravene any administered legislation;
3. Refrain from making false accusations;
4. Take reasonable care to protect sensitive information and restrict disclosure to the relevant persons/authority only;
5. Shall only disclose the details which are related with the violations;
6. Ensure that the protected disclosure is accurate and complete to the best of his / her knowledge;
7. Provide original information;
8. Provide information voluntarily;
9. Provide complete evidence at his / her disposal to aid investigation of the issues reported; and
10. Provide information keeping in view the limitation as per Regulations.

## Internal Whistleblowing

A whistleblower may make a protected disclosure before the Audit Committee or Board of Director of the Company or regulated person. If the protected disclosure is in respect of a member of the Audit Committee, such disclosure shall be made directly to the Chairman of the Board of Directors or his assigned representative.

### Procedure for Internal Whistleblowing

The Whistleblower shall follow the following minimum procedure:

1. Whistleblower to report, in writing, openly or confidentially any protected disclosure;
2. To review the protected information;
3. To conduct enquiry into the allegations made and review the findings of the enquiry;
4. To determine the penalty or consequences for the employee or official who has been found involved in violation of applicable laws and rules made there under;
5. To report the findings of the enquiry to the Audit Committee and or Chairman of the Board of Directors of the Company, as the case may be; and
6. To report to the Commission.

## Protection from Retaliation

The Company, its Board of Directors, Audit Committee or management shall ensure that no whistleblower, if he/she is an employee/former employee, is subject to any adverse action.

### Procedure for Making and Investigating a Disclosure

If there are grounds for proceeding, the designated person will decide how the investigation should be undertaken. This will depend on the nature of the matter and may involve:

- o An internal investigation conducted by a sufficiently independent senior employee of the Company or its internal or external auditor;
- o An independent external inquiry.

The investigation will not be conducted by the person who may have to take a significant decision arising from the findings. It will be conducted as sensitively as possible, and normally be complete within due reasonable time of the disclosure being made. The investigation will also take into account concepts of natural justice and the need to safeguard individual reputations.

When an allegation concerns a named individual, the person concerned will be informed of the allegation and of the evidence supporting it. He/she will be invited to respond to the allegation as part of the investigation and/or before any final conclusion is reached. The point at which it is appropriate for the individual to be informed will depend on the nature of the case.

In any hearing under these procedures, the individual making the disclosure and the person against whom an allegation has been made are both entitled to be accompanied by his/her representative. The findings of any investigation will be reported to the designated person who will reach a decision on any further action to be taken.

Following an initial investigation, other internal procedures may be identified as relevant and may be invoked. In some cases, it may be appropriate to refer a matter outside the Company for further investigation. The designated person will inform the individual making the disclosure of the conclusion reached and what action, if any, is to be taken and why.

If the individual making the disclosure is dissatisfied about how an inquiry was carried out, and its resultant outcome, then he/she may appeal but only on procedural grounds, to the Chairman of the Board / Audit Committee, who may order a procedural review and establish its terms of reference.

A report summarizing all disclosures and inquiries and any subsequent actions taken will be made by the designated person to the Board / Audit Committee and such reports will be retained for a minimum of ten years.

### **Individual making a disclosure**

The identity of the individual making an allegation will remain confidential, unless otherwise agreed with that individual, as long as it does not hinder or frustrate the investigation and is compatible with natural justice. However, the investigation process may at some stage need to reveal the source of the information, and the individual making the disclosure may at that stage need to provide an attributable statement as part of the evidence to be presented.

### **Unsubstantiated Allegations**

No action will be taken against an individual who makes an allegation in good faith even if it is not confirmed by subsequent investigation. If, however, an individual makes what are subsequently determined to be malicious or vexatious allegations or made for personal gain, and particularly if he or she persists in making them, disciplinary action may be taken. A disclosure may be deemed malicious or vexatious at any stage of the procedure.

### **Others**

This policy and procedure is designed to clarify for individuals the route through which concerns can be raised and to assure them that such matters will be taken seriously and acted upon within the Company. The Company takes the view that in the vast majority of cases an internal investigation and decision is likely to be the most appropriate course of action.

If an individual raises matters of concern outside the Company, without first using this procedure, he/she may be in breach of the procedure. That is potentially a disciplinary offence, especially if it causes, or might have caused, unnecessary reputational damage of the Company. In particular, it would not usually be considered appropriate for matters to be raised publicly before an investigation is completed.