



WHISTLE BLOWING POLICY

Introduction:

Pakistan Stock Exchange Limited [‘PSX’ or ‘the Exchange’] is committed to high standards of ethical, moral and legal business conduct. Our success as a Securities Exchange is based on integrity, honesty and trust in everything we do. In line with these standards, and our commitment to open communication, the whistle blowing program provides an avenue to raise concerns.

We encourage all employees at PSX, and outside parties such as Shareholders, Vendors, Investors, etc. to report their concerns against irregularities, financial malpractice, fraud and forgeries, personnel harassment, improper conduct or any wrong doing without fear of reprisal, adverse consequences and/or retribution. We assure the whistle blower that they will be protected from victimization.

Requirements of the Whistle-blowing Policy:

This document thus sets out a formal whistle-blowing policy, consisting of safe and effective procedures for misconduct disclosure or reporting so that appropriate remedial action can be taken. A written, formal policy is also a means of preventing and deterring misconduct that might be contemplated but has not yet taken place. It is also a transparent method of addressing issues relating to whistle-blowing, such as answering standard questions, giving assurances, providing information and offering explanations.

On what should one blow the whistle?

Any serious concerns you may have about any aspect of the operations of the Exchange and those who work in the Exchange can be reported under this policy. This may be a conduct that:

- is against the governing rules, procedures, and policies, or established standards of practice of the Exchange.
- amounts to improper, unethical, or unlawful conduct;
- amounts to waste of company's resources;
- makes you feel uncomfortable in terms of your experience with the standards you believe; or
- amounts to an attempt to cover up any of these types of actions.

Conduct becomes reportable when it happens or when it is reasonably likely to occur. Harm to the Exchange or to its integrity may occur when any of this conduct is unchecked or unaddressed. Importantly, in determining whether to report conduct, harm is not only measured in terms of monetary loss to the organization, or damage to a particular program or initiative, but the harm may also be done to the integrity and reputation of the Exchange itself, or its survival and/or growth.

Reportable conduct falls into following categories:

- **Illegal or unlawful conduct**

Conduct may be illegal or unlawful in terms of the Rules and Regulations of the Exchange and other applicable laws. We all have legal responsibilities, obligations or duties. Criminal offences - such as theft, fraud, corruption (for example, bribery), or money laundering - are in breach of legal duties and therefore constitute reportable misconduct.

- **Un-procedural conduct**

Conduct may be un-procedural since it violates clearly communicated procedures (in the form of policies, regulations, or rules) governing the operations of the Specific rules and processes, together with other best practice procedures, guide accounting practices and controls, financial reporting, auditing matters, the transfer of funds to recipients, approved recipient accounts, and the like. Such procedures are important for good governance and breaching them may expose the application of funds to risk of loss or real loss.

- **Unethical conduct**

Conduct may be unethical since it undermines universal, core ethical values, such as integrity, respect, honesty, responsibility, accountability, fairness. For example one could exert undue pressure on a person in position of power in order to gain an advantage. That would be unfair to others and as such unethical, although neither unlawful nor un-procedural.

But not all unethical conduct is reportable. For example, some kinds of conduct may be disrespectful and therefore undesirable, without harming any serious interests other than personal feelings. This would not be reportable misconduct.

- **Wasteful conduct**

Conduct constituting a gross waste of resources is a reportable category in its own right since responsible stewardship of resources is as crucial to the success of the Exchange as all employees have an obligation to ensure that all resources are used prudently and efficiently. If resources are spent in a wasteful manner, and in breach of the public trust under which they are provided, and an employee knows about this then this would be reportable under the whistle-blowing mechanism.

Whistle blower Protection:

PSX shall take all necessary actions to safeguard the interests of the whistle-blower. Where an individual makes a report under this policy in good faith, reasonably believed to be true, there will be no retaliation against the reporter should the disclosure turn out to be misguided. Retaliation means any direct or indirect detrimental action recommended, threatened or taken because an individual reported conduct described in this policy. When established, retaliation is by itself misconduct which may be pursued under the appropriate mechanisms - for example, through disciplinary action initiated through mechanisms of HR Policy or more broadly and as appropriate, through other mechanisms of the company's rules.

Reporting under this policy, however, in no way immunizes or shields a whistle-blower against action following from his or her own misconduct, which includes willfully making allegations

through the whistle-blowing mechanism that the individual knows to be false or makes with an intent to misinform.

Whistle Blowing Committee:

In order to ensure a transparent, fair and impartial whistle blowing policy and process, a Whistle Blowing Committee (WBC) shall be formed with at least 3 members comprising of CEO, Head of Human Resources Department and Head of Internal Audit Department. The CEO may include more members on case to case basis, if needed.

The WBC shall remain the main point of contact in all whistle blowing related matters and all correspondence in this regard shall be made readily available to all its members.

In case a whistle is blown against any Committee member, the Whistle Blower will directly write to Chairman of Board HR & Remuneration Committee and Chairman Audit Committee. These Chairmen shall appoint new Committee members.

The WBC shall no longer be involved in the proceedings unless the Chairmen of Board HR & Remuneration Committee and Chairman Audit Committee decides to include any member in the new committee formed specifically for the matter at hand.

Whistle-blowing Procedure:

PSX encourages all its employees and external affiliates, shareholders, vendors and investors to act responsibly at all times and protect themselves and the Exchange against any illegal or immoral acts by immediately reporting any such actions. One of the following options may be used for this purpose:

- Complaints through Email:
whistle.blowing@psx.com.pk
– recipients would include the WBC members and Chairman Audit Committee

As stated above, if whistle is against any WBC Member, this e-mail address should not be used and concern may directly be routed to Chairman of Board HR & Remuneration Committee and Chairman Audit Committee.

- Complaint through regular mail/physical form:
Postal Address: Whistle Blowing Committee of PSX, c/o MD Secretariat, Admin. Building, Pakistan Stock Exchange Limited, Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan.

The complaint/concern shall include:

- Purpose clearly mentioned
- Issue properly identified and supported by documentary or voice/video evidence
- Date the concern is being raised
- Clear identity of the complainant such as name, address, email, contact information, etc.

Management shall ensure confidentiality of the complaint and security of the whistle blower from any adverse reaction that may erupt due to the complaint. In case the Committee is of the view that deliberate false complaint/concern was raised by the whistle blower for personal or other reasons, an adverse action against him/her may be considered. This essentially means that in case the whistle blower's complaint is found to be frivolous or with a personal motive to malign the accused, repercussions could be severe including a disciplinary action against him / her, wherever possible and as deemed appropriate by the relevant authority.

Complaints outside the scope of Whistleblowing Policy:

- Personal grievances and career related issues like promotions, transfers, relocations, trainings etc. for which separate procedure exists.
- The policy shall not take into consideration anonymous complaints unless information is sufficiently specific and contains adequate corroborating evidence.

Follow up Procedure:

The Whistle Blowing Committee will carefully review the concerns and matter cited in the complaint / whistle blower's note and after thorough assessment of the relevance and seriousness of the matter shall decide to initiate an investigation and take any consequent action as deemed appropriate. The WBC will record the proceedings for information of the Audit Committee/ Board of Directors, keeping at all times, the confidentiality of the Whistle Blower's identity. The proceedings of any resultant inquiry shall be conducted in accordance with PSX's disciplinary policy.

In order to maintain transparency and fairness of the process, the anonymity of accused shall be maintained at all times except from those directly involved in the assessment of the matter and in case the accused is not found guilty of any charges (after the due process has been completed), his/her personal records / personal file shall not reflect the occurrence of the incident.

The WBC can contact any PSX personnel for assistance that may be required in this respect and it will be binding on the staff members to fully cooperate with WBC. Further, WBC shall have full access to all the Exchange's books, records, facilities, and personnel relevant to the performance of investigation/ inquiry.