

WHISTLE BLOWING POLICY & PROCEDURE

FAUJI OIL TERMINAL & DISTRIBUTION COMPANY

| Particulars | Description |
|-----------------------|---|
| Ownership | Chairman of the Audit and HR Committee of the Board |
| Review frequency | After 3 years unless necessitated earlier |
| Recommended by | Audit and HR Committee of the Board |
| Approved by | Board of Directors |
| Date of last revision | |
| Date of last approval | |
| Version | 1.0 |

1. PREAMBLE

- 1.1.**The Company is committed to conduct business in most transparent manner and is committed to work with all stakeholders including but not limited to our employees, supply chain, customers and shareholders in a manner which is compliant with legal and ethical values.
- 1.2.**This Policy is aimed to provide a platform for all stakeholders to voice their concerns promptly to appropriate pre-identified authority where it is genuinely believed that the Company's business is not being carried out in an appropriate manner or any suspicious or undesired event (s) / activity (ies) in violation of applicable laws, code of ethics of the Company or which may have an adverse impact on the business or goodwill of the Company or the society at large.
- 1.3.**Whistle Blowing is one of the effective contemporary managerial techniques used for prevention / detection of the likely attempt(s) of defrauding the organization and other malpractices by its employees, customers and/or other parties. It mobilizes all stakeholders to communicate their suspicions and reasonable doubts to the management about malicious activities without fear for the loss of job, discrimination, victimization, harassment, prejudice etc.
- 1.4.**The Company's Whistleblowing Policy encourages and enables all concerned to raise serious concerns within the Company rather than overlooking a problem or 'blowing the whistle' outside.
- 1.5.**This Policy is not designed to question financial, HR or business decisions taken by the Company nor should it be used to reconsider any matters which have already been suitably addressed.

2. DEFINITIONS

- 2.1.**Company means [Fauji Oil Terminal & Distribution Company (FOTCO)]
- 2.2.**AHCOB means Audit and Human Resource Committee of the Board.
- 2.3.**Whistle Blowing is a communication to a competent authority by an individual or an institution to expose and / or inform upon, alleged fraudulent, immoral, unethical or malicious activities, or discrimination, or some other type of adverse occurrence that violates a law, regulation, policy, morals, and/or ethics and especially those matters that jeopardize the credibility and reputation of the Company.
- 2.4.**“Whistle Blowing Policy” or the “Policy” is to encourage the Whistleblowers to voice their concerns to an appropriate pre-identified authority about any fraudulent, immoral, unethical or malicious activities, which are against the policy of the company, or may have an adverse impact on the business or goodwill of the Company or the society at large without any reservations of retribution such as fear for the loss of job, discrimination, victimization, harassment etc.,
- 2.5.**Whistleblower means a person or institution, who blows the whistle and sends communication to the entrusted authority, following the process as prescribed, includes current or former employees of the Company, shareholders, vendors, contractors,

service providers, customers, creditors or the general public. The role of a Whistleblower 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.

2.6. Good Faith is evident when the report is made, in the interest of the Company, without consideration of personal benefit and not based on personal grudges and enmity, and the Whistleblower has a reasonable basis to believe that the contents of the report are true. However, it is not necessary that a report made in Good Faith, proves to be true.

2.7. Accused means a person against whom a concern has been reported to the Chairman AHCOP. It also includes an alleged beneficiary of fraud, improper conduct or wrongdoing.

2.8. Allegation means an accusation before proving with evidence.

2.9. Wrongdoer means a person/institution against whom a concern has been established.

3. PURPOSE & OBJECTIVE

3.1. The purpose of this Policy is to create a safe, ethical and productive working environment at the Company whereby the staff is encouraged to reveal and report, without any fear of retaliation, prejudice, subsequent discrimination and of being disadvantaged in any way, about any actual, potential or suspected fraudulent, immoral, unethical or malicious activity or conduct, which in their opinion may cause financial or reputational loss to the Company.

3.2. Another purpose of this policy is to provide guidelines to establish an objective and impartial process for prevention, detection and remedial measures of unethical behavior, corruption and fraudulent activities that may cause damage to the company's assets or reputation.

3.3. The Company's internal control and operating procedures are intended to detect and to prevent or discourage such activities; however, even the best systems of controls cannot provide absolute safeguards against irregularities. Therefore, all employees, contractors, suppliers, customers and other stakeholders are encouraged to question, discuss, report and share information regarding any such activity or act / misconduct that may cause financial or reputational loss to the Company.

3.4. It is the Company's policy to support and encourage its honest, dedicated and loyal employees to report and disclose fraudulent, immoral, unethical or malicious activities and conduct investigation on such reports. This Policy assures that all reports under this Policy would remain strictly confidential and that the Company is also committed to address reports (if any) that alleges acts of interference, revenge, retaliation and threats against the Whistleblowers.

3.5. The Policy of the Company provides assurance to the Whistleblowers about secrecy and protection of their legitimate personal interests. It also provides incentives for the Whistleblowers upon report of suspicious activities.

3.6. Company's aim is to help develop a culture of transparency, honesty, integrity, fairness and accountability that is in the greater interests of the stakeholders and the Company, to create awareness amongst employees and stakeholders regarding the

Whistle Blowing function; and to enable management to be informed at an early stage about fraudulent, immoral, unethical or malicious activities or misconduct and take appropriate actions.

4. SCOPE

4.1.The type of issues which can be reported under this policy include but are not limited to:

- 4.1.1. Breach of the Code of Conduct/ noncompliance of Company's policies / procedures;
- 4.1.2. Corruption and bribery/ Possible fraud;
- 4.1.3. Harassment;
- 4.1.4. Misappropriation of financial data/reports;
- 4.1.5. Misuse of company's assets;
- 4.1.6. Violation of applicable laws and regulations;
- 4.1.7. Actions raising safety, security, and environmental concerns;
- 4.1.8. Damage to company's reputation or business;
- 4.1.9. Disrespect of employees;
- 4.1.10. Discrimination of employees on the basis of race, color, gender, ethnicity, age, nationality, ancestry, religion, physical/ mental disability or marital status;
- 4.1.11. Damage to the environment as a consequence of Company's operations, Company assets and/or corporate image;
- 4.1.12. Health and safety risks, including risks to the public as well as other employees.
- 4.1.13. Illegal use of sensitive company data;
- 4.1.14. Actions which are unprofessional, inappropriate or in conflict with a general understanding of what is right or wrong / unethical;
- 4.1.15. Miscarriage of Justice.
- 4.1.16. Unauthorized use of Company funds;
- 4.1.17. Using business relationship for personal gains;
- 4.1.18. Membership of banned outfits; and
- 4.1.19. Other unethical, unprofessional or immoral conduct.

The Whistleblowing Policy does not apply to employees' career related issues like promotions, transfers, relocations, trainings etc. for which separate procedure exists.

5. RESPONSIBILITY FOR IMPLEMENTATION

The Audit and HR Committee of the Board (AHC OB) shall be responsible for implementation of this Policy.

6. APPLICABILITY

This policy shall be applicable to all of the Company's employees and outside parties such as shareholders, vendors, customers, suppliers, creditors etc.

7. AVAILABILITY

This policy shall be made part of the HR Manual and shall be available on Company's website. In addition to the availability requirement as mentioned above, the Company shall email the soft copy of this Policy and any update or amendment thereof to all employees and stakeholders in the Company.

8. SAFEGUARDS AND PROTECTION

- 8.1.**The success of this Policy depends in part on the integrity, observation and professional ethics of the Whistleblower & respondent(s) as well as on the level of confidentiality maintained. This Policy is designed to offer protection to those who disclose a complaint, provided this disclosure is made in good faith. The information given and the identity of the Whistleblower will be treated in a confidential manner as per the policy. However, retaliation by workplace peers and harassment or victimization by the management, are the major disincentives to Whistle Blowing. The Company stands committed to protect Whistleblowers for Whistle Blowing, harassment or victimization of the Whistleblower will not be tolerated. Therefore, disciplinary action will be taken against those who engage in retaliatory conduct and to avoid the possibility of emotional, psychological and/or physical harm upon the whistle blowers as a result of Whistle Blowing, the Company stands committed to safeguard the Whistleblowers. Whistleblowers should be given an opportunity to report any and every retaliatory conduct towards them and, hence, monitoring the welfare of all employees and providing a safe environment to the whistleblowers is of paramount importance.
- 8.2.**If the Whistleblower 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 Whistleblower raised the matters to settle his / her personal grudges or grievances or enmity or where the Whistleblower has been habitually involved in complaining petty issues.
- 8.3.**Protection that Company can extend to Whistleblower is limited to the Company's capability, but any retaliatory action against any Whistleblower as a result of whistle blown by such person under this Policy shall be treated as Misconduct and subject to disciplinary action.
- 8.4.**Additionally, indemnity from disciplinary action will be provided to the whistleblower employee, against actions/involvement in the activity against which whistle is blown, based on the merits of the subject case.

9. CONFIDENTIALITY

- 9.1.**All matters will be dealt with confidentiality and if the Whistleblower has chosen to disclose his/her name, the identification of the Whistleblower will not be disclosed except for inevitable situations, where disclosure of identity of the Whistleblower is essential (for instance, his / her statement/evidence is needed in court) or report of a complaint has to be disclosed to those persons who have a need to know in order to properly carry out an investigation of the complaint. In any case, the identity of the Whistleblower shall not be disclosed without prior consent of the Whistleblower.
- 9.2.**Once a concern is received, it will be logged on a dedicated confidential database, given a unique identifying number. The Chairman AHCOP considering severity and criticality of the concern, shall decide as to whether the concern be investigated internally by the Company or be dealt with by the audit firm as engaged by the Company.
- 9.3.**All whistle blowing cases after allotment of a unique identifying number shall be presented to the AHCOP for its information and consideration as part of its quarterly review.
- 9.4.**The same standard of confidentiality will be applicable to all external stakeholders as well to ensure that all concerns of internal and external stakeholders are investigated fairly and quickly and with fullest confidentiality.

10. REVISION

The Chairman of the Audit and HR Committee of the Board (AHCOP), shall be responsible for keeping this document updated from time to time. Therefore, this Policy shall be subject to a formal review by the Chairman of the Audit and HR Committee of the Board (AHCOP), on a periodic (at least once in every three years) basis and the proposals for any changes/ modifications/ amendments therein shall be submitted to the Board of Directors of the Company for consideration and approval.

11. MISUSE OF THE POLICY

It is expected from all employees to refrain from rumour mongering, irresponsible behaviour and false allegations and if the Whistleblower makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, the Whistleblower makes malicious or frivolous allegations /complaint(s) or misuse the Policy for undue posting/transfer of himself/herself on disclosure to team member/ senior about whistle blown or the shelter available under this Policy, action may be taken against them after proper investigation.

12. RETENTION OF WHISTLEBLOWING COMPLAINTS

All whistle blowing complaints received at the below mentioned dedicated email address, through mail or through whistle blowing form available at the Company's website shall be

retained for 3 years after which the complaints shall be archived and preserved as per the Company's record retention policy.

13. EFFECTIVE DATE

This policy has been approved by Board of Directors in their meeting No. 114 dated 26th July, 2021.

14. RESPONSIBILITIES

14.1. COMPANY'S RESPONSIBILITIES

- 14.1.1. The Company shall circulate this Policy for the information of all the employees and other stakeholders of the Company in accordance with Clause 7 above.
- 14.1.2. The Company shall establish the following communication channels for whistle blowing complaints:
 - a) A dedicated e-mail address for Whistle Blowing (whistle.blowing@fotco.pk) will only be accessible by the Chairman ACHOB;
 - b) Whistle blowing forms available on the Company's website; and
 - c) Post / courier addressed to Chairman AHCOB (where Whistleblower sends communication on postal address given in this Policy, the Company shall ensure that the unfiltered complaints are delivered directly to the Chairman AHCOB).
- 14.1.3. The Company shall put in place a mechanism to evaluate effectiveness of Whistle Blowing Function under this Policy.
- 14.1.4. The Company shall ensure that the Whistle Blowing Policy is fairly and consistently applied. It should spell out zero tolerance for all violations e.g. fraudulent, immoral, unethical or malicious activities.
- 14.1.5. The Company shall ensure that Whistleblower should feel secure while reporting fraudulent, immoral, unethical or malicious activities.
- 14.1.6. All the reported concern shall be responded back to the reporter in a reasonable time period, if the Whistleblower has chosen to disclose his/her identity, in all cases whether or not the concerns raised were substantiated or not.
- 14.1.7. It is the responsibility of Chairman of the AHCOB to treat all reported concerns in confidence, verify the background of the reported concern, verify all the documents submitted as a proof and, make every effort not to reveal the employees' identity even to other members of the AHCOB if the employee or employee (s) wish so.
- 14.1.8. It is the responsibility of Human Resource and Administration Departments of the Company to provide necessary support to the Chairman AHCOB in executing and concluding the reported concern (s). The Chairman AHCOB shall have the authority to utilize the services of any Company personnel under the circumstances so as to assist in evaluation of reported concern.

15. RESPONSIBILITY OF THE WHISTLEBLOWER

- 15.1.** In the event that any fraud, forgery, fraudulent, immoral, unethical or malicious activities have occurred due to involvement of the Company's officials, the employees and/or other stakeholders who have knowledge are ethically and morally bound to Whistle Blowing or take appropriate action if they are authorized to.
- 15.2.** It is expected that the Whistleblower shall remain unbiased while reporting matters under this Policy.
- 15.3.** In making a disclosure, the Whistleblower should exercise due care to ensure the accuracy of the information. Whistleblower should not make repeated, malicious, wrong, not based on facts, based on personal grudges, grievances or personal enmity or vexatious allegations.

16. INCENTIVES FOR WHISTLEBLOWING

- 16.1.** To motivate the Company's staff to behave honestly, in loyalty with the Company, independently without any fear, for saving the Company from risks of financial or reputational losses caused by fraudulent, immoral, unethical or malicious activities or misconduct of some dishonest and corrupt persons, the management may offer incentives. In order to be eligible for all such incentives the Whistleblower(s) must share their contact information. In case of anonymous Whistle Blowing, no such reward shall be given to anyone in any situation or circumstances, even if allegations imposed are proved to be correct.
- 16.2.** On the recommendation of the AHCOP to the management, the Whistleblower, who brings to the notice of the management or report any fraudulent, immoral, unethical or malicious activities, which may lead to financial or reputational losses or legal threats to the Company, will be suitably awarded according to the significance of the information he / she had provided and impact of losses averted as a result. The award may include cash prizes and or increase in salary and or promotion.
- 16.3.** The prizes / awards will be given to the concerned Whistleblower confidentially and in a manner that no one can grasp the actual reason thereof.

17. REPORTING MECHANISM

- 17.1.** Employees are encouraged in such circumstances to share and discuss this with their line managers before considering the use of whistleblowing procedures to air their concerns. However, in case it is not possible for them or they do not wish to share or discuss their concerns with their line managers then the employee should raise the matter through the whistleblowing procedure outlined below. Although the whistleblower is not expected to prove the truth of an allegation, he / she would need to demonstrate to the Committee that there are sufficient grounds for concern.
- 17.2.** Reporting can be made by employees / other parties directly
 - a) Via email to whistle.blowing@fotco.pk (the Whistleblower should either attach form A (attached herewith as Annex-A) (if he/she chooses to disclose his/her identity) or Form B (attached herewith as Annex-B) (if he/she chooses not to disclose his/her identity));

- b) by filling out the whistle blowing forms available on the website of the Company (the Whistleblower should either fill form A (attached herewith as Annex-A) (if he/she chooses to disclose his/her identity) or Form B (attached herewith as Annex-B) (if he/she chooses not to disclose his/her identity));
 - c) by post/courier addressed to the Chairman AHCOCB (the Whistleblower should either attach form A (attached herewith as Annex-A) (if he/she chooses to disclose his/her identity) or Form B (attached herewith as Annex-B) (if he/she chooses not to disclose his/her identity)).
- 17.3.** Each concern received by the Chairman AHCOCB will be logged and assigned a unique identification code that will be used in subsequent investigation and reporting of the concern.
- 17.4.** The Chairman AHCOCB shall take appropriate steps to ensure that a paper or electronic copy of the reported concern is preserved.
- 17.5.** The Chairman AHCOCB shall notify the sender and acknowledge receipt of the reported violation or suspected violation within three (3) working days, if the Whistleblower has chosen to disclose his/her identity.
- 17.6.** Upon receipt of a reported concern, the Chairman AHCOCB shall conduct initial inquiries / assessment to determine whether further review and/or investigation is warranted based on gravity of the issues described in the reported concern.
- 17.7.** If the Chairman AHCOCB determines that further review or investigation of the matters raised in a reported concern would be appropriate under the circumstances, the Chairman AHCOCB shall promptly commence the investigation.
- 17.8.** At any time during a review and/or investigation of a report, the Chairman AHCOCB may in his/her sole discretion will notify the Managing Director/CEO and Concerned Head of Department of the receipt of a report and/or the progress or results of any review and/or investigation of the report. The concerned Head of Department will only be provided with such level of detail as may be necessary to allow for appropriate consideration.
- 17.9.** At the conclusion of such review and/or investigation, the Chairman AHCOCB in coordination with Board of Directors of the Company will determine what, if any, remedial action is appropriate. All employees of the Company have an obligation to cooperate and comply with any review / investigation initiated by the Committee and should keep the information as '*classified*' to avoid any disciplinary action against them.
- 17.10.** Investigation will be completed and report submitted to the Chairman Board of Directors of the Company within thirty (30) days from the date of reported concern. Where the situation warrants, additional reasonable time will be allowed with the approval of Chairman Board of Directors of the Company to complete the investigation.

18. DISCIPLINARY ACTION

- 18.1.** If involvement of the Company'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

Company (up to and including termination of employment and commencement of civil as well as criminal proceedings in the court of law).

- 18.2.** For external parties, the Company may on the basis of investigation report and recommendations, consider taking appropriate legal action against the concerned party.
- 18.3.** There will be no adverse consequences for anyone who reports a whistleblowing concern in good faith. However, an employee who recklessly makes statements or disclosures that are not in good faith and / or without substantive proof may be subject to disciplinary procedures. Similarly, in case of such complaints lodged by outsiders, the Company reserves the right to take appropriate action.

FAUJI OIL TERMINAL & DISTRIBUTION COMPANY

**WHISTLEBLOWER'S
COMPLAINT FORM**

Please provide the following details for any suspected serious misconduct or any breach of suspected breach of law or regulation that may adversely impact the Company and submit directly to "Compliance Officer".
You may be called upon to assist in the investigation, if required.

Note: *Please follow the guidelines, laid down in the Whistleblower Policy.*

SECTION 1 - REPORTER'S CONTACT INFORMATION

Name:
Designation:
Department:
Telephone:
CNIC:
Email:

SECTION 2 – COMPLAINT AGAINST

Name:
Designation:
Department:
Telephone:
CNIC:
Email:

SECTION 3 - WITNESS'S INFORMATION (IF ANY)

Name:
Designation:
Department:
Telephone:
CNIC:
Email:

SECTION 4 – COMPLAINT

In the following columns, please briefly explain the misconduct / improper activity observed. Also, please intimate as how you came across about it. If there is more than one such allegation, indicate each allegation serially and use as many pages as necessary

What misconduct / improper activity occurred?

Who committed the misconduct /improper activity?

Where did it happen?

When did it happen?

When did you notice it?

Are there any other parties involved in this?

Is there any evidence* that you can share?

Any other helpful details / info:

Signatures:

Date:

* **You SHOULD NOT** attempt to obtain evidence for which you do not have a right of access since '*whistleblowers*' are '*reporting parties*' and NOT '*investigators*'.

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You may be called upon to assist in the investigation, if required.

Note: *Please follow the guidelines, laid down in the Whistleblower Policy.*

SECTION 1 – COMPLAINT AGAINST

Name:

Designation:

Department:

Telephone:

CNIC:

Email:

SECTION 2 - WITNESS'S INFORMATION (IF ANY)

Name:

Designation:

Department:

Telephone:

CNIC:

Email:

SECTION 3 – COMPLAINT

In the following columns, please briefly explain the misconduct / improper activity observed. Also, please intimate as how you came across about it. If there is more than one such allegation, indicate each allegation serially and use as many pages as necessary

What misconduct / improper activity occurred?

Who committed the misconduct /improper activity?

Where did it happen?

When did it happen?

When did you notice it?

Are there any other parties involved in this?

Is there any evidence* that you can share?

Any other helpful details / info:

Signatures (Optional)

Date:

* **You SHOULD NOT** attempt to obtain evidence for which you do not have a right of access since '*whistleblowers*' are '*reporting parties*' and NOT '*investigators*'.