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Abay Bank

Ref. No. PR/01/94/22

Date: 18/02/22

To : **All head office organs**
 : **District Offices**
 : **All branches**

From: **Chief Executive Officer**

Whistleblower Policy has been approved by the BOD Risk Subcommittee of the Bank on its meeting held on November 24, 2021.

This is therefore to advise you all to implement **Whistleblower Policy** effective February 18, 2022 with utmost care.

Best regards,


Yehuala Gessesse Gelaye
Chief Executive Officer

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P.O.Box 5887

Addis Ababa/ Ethiopia



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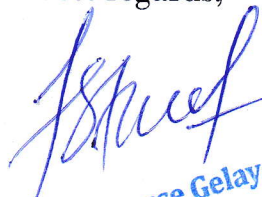
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ABAY BANK WHISTLEBLOWER POLICY



November 2021

Abay Bank S.C.

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CHAPTER ONE

1. INTRODUCTION

1.1 Preamble

Whereas, the bank is strive to meet its organization mission with the adherence of the countries rules and regulation and the bank's code of conduct/ethics, some staffs might engaged in unlawful activities and it should require appropriate measures,

Whereas, the bank's higher officials are busy on the day to day operation and employees/customers are often the first to realize that there is an inappropriate or contrary activities has conducted against the bank's standards and policy.

Whereas, the bank has to encourages all stakeholders to disclose any suspicious activities and to report doubtful violation which adversely affect the bank's overall performance,

Whereas, the bank has developed a mechanism to safeguard whistleblowers to voice their concern without any reservation and/or retaliation,

Whereas, whistleblowing is one of the effective contemporary managerial techniques used for prevention of frauds and other malpractices,

Now, therefore, this 'Abay Bank S.C. Whistleblower Policy' is formulated to promote a culture of integrity and ethical behavior across all employees.



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1.2 Objective

This whistleblowing policy has been formulated with the following major objectives.

- 1.2.1. To introduce the whistleblowing policy into the bank's practices to boost the risk management,
- 1.2.2. To enhance the bank's management of risks regarding operational, financial, legal and reputational risks,
- 1.2.3. To encourage staff and other stakeholders to report unethical or illegal conducts of employee, management, directors and other stakeholders without any fear of harassment, intimidation, victimization or reprisal.
- 1.2.4. To protect and assure individuals who reveals wrongdoing in good faith relating to fraud, corruption or any other misconduct will be protected from any retaliation and unfair treatment.
- 1.2.5. To promote and enable the development of a culture of transparency, accountability, honesty and integrity, which are expressed in the Bank's Code of Conduct.

1.3 Governing Rules

This Whistle Blowing policy shall take into account;

- ✓ Applicable laws of the country
- ✓ The bank's corporate governance framework,
- ✓ Aligns with the code of conduct policy of the bank's,
- ✓ NBE directives and regulations if any,



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1.4 Scope of the policy

The whistleblowing policy is applies to all individuals in the bank in conjunction with the code of conduct of the bank. This policy manual is designed to enable employees and other relevant stakeholders to report acts of impropriety to appropriate authorities.

1.5 Terms & Definition

- 1.5.1. **Chief Executive Officer** – shall means a person who is primarily responsible for the day –to –day management of the affairs of Abay Bank S.C.
- 1.5.2. **Concern** - A matter of interest or importance.
- 1.5.3. **Confidentiality** – Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.
- 1.5.4. **Good Faith** - Good Faith is evident when the report is made, in the interest of the Bank, 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.
- 1.5.5. **Hotline** - a direct telephone line in constant operational readiness so as to facilitate immediate communication; usually toll-free telephone service available to the public for some specific purpose.
- 1.5.6. **Misconduct** - Examples of Misconduct include, but are not limited to, financial fraud, violation of laws and regulations, violation of Bank's policies, immoral or unethical behavior or malicious practices, negligence of duty and threats to the Bank.



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- 1.5.7. Reported person** - an individual against whom an allegation has been made.
- 1.5.8. Retaliation**- Any act that harms or intends to harm an individual in order to suppress reporting of wrongdoing, refusing to do anything that would be reasonable considered to be wrongdoing or otherwise take steps to prevent wrongdoing from occurring. Examples of retaliation include dismissal, suspension, demotion, discipline, harassment or any act that disadvantages an individual.
- 1.5.9. Senior Executive Officer** – means any officer of a bank who is deputy to the Chief Executive Officer or is directly reporting to the board of directors.
- 1.5.10. Whistleblowing** – is defined as the deliberate, voluntary disclosure or 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, directives, internal policies and procedures, morals, and/or ethics and especially those matters that jeopardize the credibility and reputation of the Bank as a trusted financial services provider and report to a respected authority by an individual or an institution.
- 1.5.11. Whistleblower** – Whistleblower is 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 Bank, shareholders, vendors, contractors, service providers, customers, or the general public.
- 1.5.12. Whistleblowing site** – it is an IT – based access that can be able to process and allows electronic submission, storage and handling of the whistleblowing concerns.



CHAPTER TWO

2. ROLES AND RESPONSIBILITIES

2.1 The Board of Directors

- 2.1.1 Approve this Whistleblower policy.
- 2.1.2 Ensure appropriate oversight.
- 2.1.3 Establish an ad hoc committee to investigate allegations committed by the CEO & senior executive officers.
- 2.1.4 Execute the decision as per the recommendation of the ad hoc committee on the reported person.
- 2.1.5 Ensure the commitments of the bank's management in executing the whistleblower policy in appropriate manner.
- 2.1.6 Deliberate on the implementation of this policy and becoming the culture of all staff and stakeholders.

2.2 Chief Executive Officer (CEO)

- 2.2.1. Oversee the proper implementation of this policy.
- 2.2.2. Ensure that all staffs of the bank are fully understand and aware about the policy and adherence to this whistleblower policy.
- 2.2.3. Oversee that any concerns which constitute wrongdoing raised shall be channeled to appropriate investigation and resolution team as appropriate.
- 2.2.4. Ensure that proper structures are in place to investigate the reports and appropriate measures are taken enthusiastically.
- 2.2.5. Set high ethical and integrity standards, and establish a culture within the bank that emphasizes and demonstrates to all levels of personnel the importance of whistleblowing.
- 2.2.6. Ensure that appropriate and timely remedial actions are taken whenever there are breaches to this policy.
- 2.2.7. Execute the decision as per appropriate recommendation on the reported person.

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2.3 Internal Audit

The following are the responsibilities of the Director of Internal Audit:

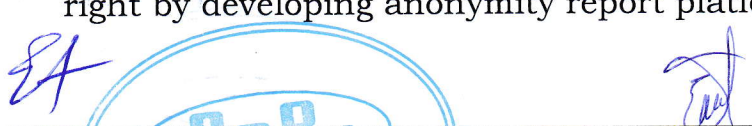
- 2.3.1. Ensure the investigation of Concerns reported through the Whistleblower Program when requested to do so and take appropriate steps.
- 2.3.2. Ensure the anonymity of individuals concerned, the confidentiality of allegations and that no retaliatory action is taken because of a disclosure.
- 2.3.3. Establish and maintain adequate and effective investigation team (compliance officer) that insures the implementation of this policy under their directorate.

2.4 Risk Management & Compliance

- 2.4.1. Review the compiled report and measure taken by respective organs and measure the likelihood rate of the risks regarding the bank's operational, reputational, legal & Compliance risk perspective.
- 2.4.2. Provide an awareness creation training to enhance the culture of reporting wrongdoing.

2.5 Information Technology

- 2.5.1. Develop an independent platform which enables whistleblowers' to report their concerns using the bank's website, e - mail or hotline.
- 2.5.2. Ensure the functionality of the system and provide access to the respective organ.
- 2.5.3. Ensure the confidentiality of the system and the whistleblower right by developing anonymity report platform.



CHAPTER THREE
WHISTLE BLOWER POLICY

3.1. Policy Statement

Any whistleblowing concern must be reported through the bank's proper reporting channel and the whistleblower will not be threatened by any individual in the bank rather the whistleblower must be protected by the policy and applicable law. For the sake of expressing their concern freely, the whistleblower's identity will not be exposed. The bank will avail the opportunity to disclose anonymously. All investigation of the concerns will be carried out with due care and case - by - case scenario and take appropriate measure based on exhaustive findings. Accordingly, Abay Bank is committed to the highest standards of code of conduct, integrity, honesty, transparency and accountability.

3.2. Coverage and Scope of Reporting

To have a clear demarcation among personal grievances such as dissatisfaction with salary, employment terms, customer complaints about the service etc. and whistleblowing, the former should not be considered as whistleblowing rather must be submitted to other disciplinary teams such as Human capital and Branch operation. Further, the policy doesn't cover sensitive information's like racial or ethnic origin, religious, political opinions; data concerning health or sex life of individuals are not relevant for whistleblowing report. In addition, the report should not be based on mere speculation, rumors or gossip. Whereas, the whistleblowing report shall include the following misconducts on personal knowledge of verifiable facts or circumstances without limitation;

3.2.1. All forms of financial malpractices or impropriety such as fraud, corruption, bribery or theft;

3.2.2. Any form of criminal activity;



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3.2.3. Substantial and specific dangers to public health or safety risks.

3.2.4. Improper conduct or unethical behavior that undermines the bank's and core ethical values such as integrity, respect, honesty, accountability, fairness etc.

3.2.5. Failure to comply with regulatory directives, administrative or code of conduct policy.

3.2.6. Insider abuse;

3.2.7. Sexual or physical harassments of any staff, customer, applicant, service provider and other relevant stakeholders;

3.2.8. Any other activity which exposes the Bank to any financial, legal and/or reputational risk.

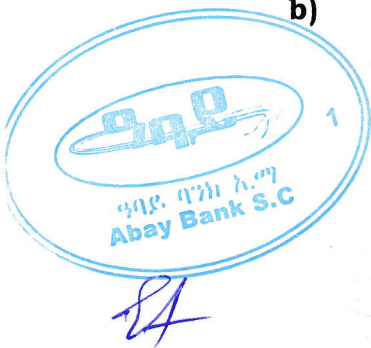
This policy applies in all employees of the bank, irrespective of their position, grade or function.

3.3. Who will be Whistleblower

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

3.4. Types of Whistleblower

- a) **Internal Whistleblower** – includes all Employees of the bank.
- b) **External Whistleblower** - Customers, suppliers, service providers, and other stakeholders who report the misconducts of employees to the Internal Audit. If the Executive Directors involved in misconduct, the report should report to the Ad hoc committee formed by the board of director's which consists of (Human Capital, Risk management & compliance, Legal, Ethics office, Internal Audit).



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3.5. Reporting Channel

- 3.5.1. Abay Bank S.C. shall establish a platform for confidential and anonymous submission of misconducts using the website or hotline which will be accessed by Ethics office & Internal Audit. The Bank shall avail 'Ethics Box' to be easily accessible to whistleblower at any branch apart from customer suggestion box.
- 3.5.2. Employees shall report allegations or concerns to their immediate supervisor; whereas, when they feel uncomfortable discussing the matter with the immediate supervisor then they address the matter to Internal Audit and Ethics office. (The detail will be covered on the procedures)
- 3.5.3. Employees also able to report their concern of misconduct report directly in physical presence to Internal Audit or Ethics office if they are willing to disclose the wrongdoing in person

3.6. Protection of Whistleblowers

- 3.6.1. Any Employee who makes a report of Improper Conduct in good faith shall not be subject to unfair dismissal, victimization, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions.
- 3.6.2. Any whistleblower shall not be subject to any civil, criminal or disciplinary measures for disclosing the concern that is covered by this policy; but not protected when the reporter found to have been involved in wrongdoing while the investigation produced at last.
- 3.6.3. To make the whistleblowing process effective, the concerned department adequately assures the whistleblowers that the information given will be treated with confidential manner.
- 3.6.4. The bank assures and maintain the whistleblower identity confidential unless;

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A) A person agrees to be identified,

B) Identification is required by law/court for further investigation,

3.6.5. Either internal or external whistleblowers may be rewarded depending on the severity of the case.

3.7. Investigation process

3.7.1. All the coming concerns or allegations shall be registered and screened by the Ethics office and Internal Audit. After screening the concerns, the concerns will be evaluated based on their sensitivity to determine its credibility.

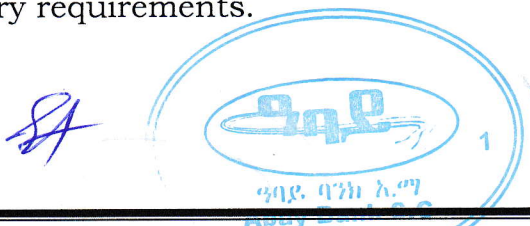
3.7.2. Based on the assessment of the allegations, the Ethics office & Internal Audit Director will recommend and submit to the appropriate body i.e. CEO to make decision/approval based on the magnitude of the concerns.

3.7.3. In cases that pertain to high level bank employees (CEO & senior executive officer), the report could be submitted directly to the Ad hoc committee or Board of Directors depending on the magnitude of the complaint for decision.

CHAPTER FOUR

4.1 Policy Revision

This policy shall be reviewed and updated every two years or as deemed necessary, depending on changes in business operations, legislative or regulatory requirements.



Abay Bank S.C.

4.2 Effective Date

This policy shall be effective as of the date of approval by the Board of Directors of Abay Bank S.C.



Ethiopia Tadesse

Chairperson - Board of Directors

Issued Under The Signature of:



Yehualla Gessese

Chief Executive Officer

