

Compliance Department

Anti-bribery and corruption Policy

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Version History

Version	Version Date	Revision Summary	Author / Policy Owner
1.0	February 2020	Development of the Policy	Head of Compliance

Note: The Management Committee (“MANCOM”) approval is executed through a MANCOM memo. Audit & Risk Committee and Board of Directors approvals will be executed through respective resolutions.

Glossary

Abbreviation	In Full
ARC	Audit and Risk Committee
BOD	Board of Directors
CEO	Chief Executive Officer
CAO	Chief Administrative Officer
CMD	Compliance Department
IAD	Internal Audit Department
GFH	GFH Financial Group

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1. Introduction

1.1. Purpose

GFH is committed to applying the highest standards of ethical conduct and integrity in its business activities. GFH considers that bribery and corruption may have a determined impact on business by undermining good governance and destroying free markets. Accordingly, GFH has zero tolerance for the use of its products or services in facilitating bribery or corruption by clients, counterparties, Executives or associated parties.

The objective of this Anti-Bribery & Corruption (“ABC”) Policy (the “Policy”) is to ensure that GFH benefits from carrying out its business in a transparent and ethical way, and to ensure that there is honest, open and fair competition in all markets GFH operates in.

1.2. Definitions

“GFH”: GFH Financial Group B.S.C., its subsidiaries and affiliated companies.

“Executive”: For the purpose of this policy includes members of the Board, senior management and all other employees of GFH.

“Bribe”: A sum of money, other valuables, “gift” or service given or promised in order to influence the judgement or conduct of a person in a position of trust.

“Corruption”: It is the abuse of public or private office to obtain an undue advantage. Often, but not always, bribery is a vehicle for and enabler of corrupt behavior.

“Kickback”: A bribe to obtain an undue advantage, where a portion of the undue advantage in ‘kicked backed’ to the person who gave, or is supposed to give, the undue advantage.

“Public Official”: Officials or employees of any government or other public body, agency or legal entity, at any level, including officers or employees of state-owned enterprises and officers or employees of enterprises which are mandated by a public body or state-owned enterprise to administrate public functions.

“Facilitation Payments”: A form of bribery in which small payments are made to low level and low-income Public Officials with the purpose of expediting or facilitating a service to which one is legally entitled to without such payment.

“Associated Party”: A person or entity which performs services for or on behalf of GFH. Examples of Associated Parties include, but are not limited to, agents, representatives, consultants or other intermediaries, finders, introducers, advisers, sales and marketing firms and outsourcers engaged by GFH. Associated Parties also includes subsidiaries, affiliates, joint ventures, joint venture parties, and parties in partnership with any member of GFH.

1.3. Applicable Rules and Regulations:

Principle / Rules	Synopsis
Bahrain Penal Code	Part II – Crimes Prejudicing Duties of a Public Office – Chapter 1 – Bribery
Bahrain Labor Law – Private Sector	Part Ten – Workers Duties and Penalties
GFH Policies and Procedures	GFH Code of Conduct, Reputational Risk policy, Whistle Blowing Policy, Gift Policy & Conflict of Interest Policy
CBB Rulebook Volume 2	Business and Market Conduct (BC) Module

1.4. Scope of the Policy

All Executives are required to comply with this Policy. Executives should refer any questions to their line manager and/or the Compliance Department. Any Executive who identifies or suspects potential or actual bribery or corruption must act in accordance with this Policy and the Whistleblowing Policy.

The Bank does not tolerate bribery and corruption in any form. Any staff caught engaging in acts of bribery or corruption, directly or through a third party, shall be subject to severe action by the Bank, including reporting to the regulatory authorities.

1.5. Copyright Statement

GFH has proprietary rights over this document and its contents. No part of the document should be copied nor is document to be removed or relocated from the Bank's premises for any reason without the express written permission of the process owner. The contents of the Manual are to be treated as confidential and are not to be disclosed or distributed to any unauthorized person, inside or outside of GFH.

1.6. Frequency of Review and Approval

The policy shall be subject to annual review. In case, the policy requires any modification / amendments, the same shall be recommended by the policy owner, pursuant to which approvals shall be procured from the CEO and then the same shall be presented to the ARC for approval.

The policy owner is responsible for retaining the signed hard copy of the policy. A soft copy of the latest signed policy must be available through the Bank's intranet.

1.7. Confidentiality of the policy

The content of this Policy shall be available to all employees of GFH in the intranet.

2. Responsibilities Matrix

Designation	Responsibilities
Board of Director ("BOD")	<p>The Board has the ultimate responsibility for understanding and endorsing guidelines on Compliance policies at GFH</p> <p>The Board's responsibilities with respect to Compliance Department shall be as follows:</p> <ul style="list-style-type: none"> • Reviewing the overall objectives of GFH with respect to Compliance Department and ensuring that it is in line with the interests of the shareholders; • Endorse Anti-bribery policy throughout the Bank • Setting a culture for efficient management of compliance activities in the organization, review and approve the GFH's Compliance policies and procedure; • Taking responsibility for determining the types and magnitude of Compliance risks from GFH's perspective; • Reviewing any significant Compliance issues highlighted by the Compliance Department; • Ensuring the competence of the Compliance personnel in managing GFH's compliance activities; and • Communicating with the media (when necessary).
Chairman of ARC	<p>The Chairman of ARC will be responsible for:</p> <ul style="list-style-type: none"> • Review Critical bribery events; • Decide on the mode of investigation; • Review investigation reports and resultant course of action
Chief Executive Officer ("CEO")	<p>The CEO will be responsible for:</p> <ul style="list-style-type: none"> • Recommending the policies related to the management of Compliance activities to Board; • Reviewing Compliance Policies and recommending / presenting the same to the Board; • Review anti-bribery policies; • Review any incidents pertaining to bribes that are highlighted by the Compliance Department;

Designation	Responsibilities
	<ul style="list-style-type: none"> • Review of Compliance reports, breaches if any and provide recommendation where applicable; • Review and approval of presentations presented by Compliance Department; • Provide presentations to the Board on changes / updates in the regulatory environment and the impact on GFH • Communicating with media when necessary
Head of Compliance Department	<p>The responsibilities of Head of Compliance Department include:</p> <ul style="list-style-type: none"> • Provide competent advice and guidance to GFH and its staff members on all compliance activities • Review and ensure compliance of anti-bribery policies • Update CEO on any bribery incidents • Ensure disciplinary actions are undertaken for all reported bribery incidents • Educate / train all staff members / external parties (where required) on guidelines pertaining to anti-bribery • Collaborate with various Lines of Businesses and review if required regulatory requirements are met • Review Compliance policies and provide recommendation on required changes • Identify potential non-compliant implications, and risks involved on GFH • Keep abreast of the changing regulatory environment and update Compliance team members on the same • Prepare presentations for CEO on all activities pertaining to compliance • Maintain an awareness of developments in the Compliance field and update Senior Management accordingly

Designation	Responsibilities
Compliance Department (“CMD”)	<ul style="list-style-type: none"> • Liaise with various Business Units / act as intermediary on all compliance related matters • Assist Head of Compliance in all matters pertaining to anti-bribery initiatives • Act as a point of contact for reporting bribery incidents • Develop applicable compliance policies • Keep abreast of changing regulatory environment • Assist Head of Compliance in day to day activities pertaining to compliance
Internal Audit Department (“IAD”)	<p>The IAD is responsible for, but not limited to the following:</p> <ul style="list-style-type: none"> • Review the adequacy of controls established by Compliance Department. • Monitor adherence to Compliance policy by GFH staff members • Monitor GFH's adherence to applicable regulatory rules • Report key findings related to the Audit and Risk Committee (ARC) on a periodic basis in accordance with the ARC's approved audit plan. • Propose recommendations for policies and system improvements where applicable to Compliance Department.

3. Policy and Procedures

3.1. Mission and Objectives

3.1.1 The primary objective of this policy is to ensure that all applicable guidelines pertaining to Anti bribery policy shall be strictly adhered to and possible breaches are avoided

3.2. General Principles

3.2.1 The Anti-bribery policy prohibits Executives from Participating in Bribery or Corruption in any form, whether directly or via third parties, irrespective of whether bribes are being given, offered, promised, requested, solicited or received. The Policy is intended to help mitigate the risks of Bribery and Corruption, including the legal liability to which GFH may be exposed if it knew or should have known that Bribery or Corruption has been committed or taken place by virtue of its Executives or other Associated Parties.

3.2.2 All Executives are required to ensure that any activity undertaken through their role at GFH is conducted ethically, accurately, transparently and is appropriately disclosed and recorded. In particular, offering of ‘Anything of Value’ must be reasonable and have a legitimate business purpose which must be in line with GFH's Gift Policy

3.3. Applicability of the policy

- 3.3.1 The Policy applies to all Board Members, officers, employees, dependents, consultants, contractors and associated parties of GFH. Compliance with this Policy constitutes terms of service for each Board Member, conditions of employment for each officer and employee, and conditions of providing services to GFH.
- 3.3.2 This Policy extends across all of GFH's business dealings and in all countries and territories in which GFH operates. All persons covered by this Policy, in discharging their duties on behalf of GFH, are required to comply with the Laws, Rules and Regulations applicable in the jurisdictions in which GFH is performing business activities, and in particular with respect to Anti-Bribery and Corruption Laws, Rules and Regulations. Where uncertainty or ambiguity exists, the respective staff shall contact the Compliance Department.

3.4. Anti-bribery and Corruption Standards

- 3.4.1 It is prohibited for GFH or any of its Executives to:
- Give, promise to give, or offer, a payment, gift or hospitality to a third party or otherwise engage in or permit a bribery offence to occur, with the expectation or hope that an advantage in business will be received, or to reward a business advantage already given;
 - Give, promise to give, or offer, a payment, gift or hospitality to a third party to "facilitate" or expedite a routine procedure;
 - Accept a payment, gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by GFH in return;
 - Threaten or retaliate against another employee or worker who has refused to commit a bribery offence or who has raised concerns under this Policy or Ascendant's Whistle Blowing Policy;
 - Engage in any activity that might lead to a breach of this Policy.

3.5. Precautions to take when accepting gifts and entertainment

- The Bank has established a Gifts Policy which provides guidelines on what is considered as an acceptable gift (Please refer to section 3.2.6 "Acceptable gifts" of the Gift Policy).
- Any staff of the Bank who may accept or offer something of value that shall not be in line with the guidelines articulated in Gift Policy i.e. to a third party doing or seeking to do business with the Bank, shall be treated as a bribe or act of corruption.
- No gift or entertainment offered or received, should result in a favorable action for, the staff of the Bank personally or the Bank or the third party.
- All gifts and entertainment, offered or received, should be declared in line with the Gifts Policy.
- If any employee, is unclear if a particular payment will be construed as a bribe or corruption, they are encourage to contact the Compliance Department prior to making or receiving such payment.

3.6. Facilitation Payments

- 3.6.1 Facilitation Payments (as defined under section 1.2) are a form of Bribery and are expressly prohibited under the ABC Policy, even where they may represent local practice or custom. GFH will not make, and will not accept, Facilitation Payments or Kickbacks of any kind wherever in the world. If, however, an Executive believes the failure to make a Facilitation Payment poses a serious risk to their imminent physical safety or liberty (or that of another person), they should take whatever action they deem safest before reporting the incident to their manager, even if that includes making the Facilitation Payment. Executives are required to report any request for, or payment of, a Facilitation Payment to the Compliance Officer at the earliest opportunity.

3.7. Public Officials

- 3.7.1 It is a criminal offence to give, offer or promise, directly or indirectly, any non-acceptable gift (defined in Section 3.2.9 of GFH's Gift Policy) intending to influence a Public Official, even if the Public Official act or have the intention to act honestly/ethically as a result.
- 3.7.2 GFH prohibits the offering, promising or giving of any non-acceptable gift to a Public Official in order to influence the Public Official to obtain or retain business or a business advantage for GFH; as a reward for conferring, or enabling GFH to retain, business or a business

advantage; or to obtain governmental permits, license, approvals, or similar advantage. This includes offers, promises or transfers made directly to the Public Official or indirectly to another party (such as a family member, business associate, charity, foundation, political party or other organization or institution of the Public Official) if the intention or likely outcome is to influence the relevant Public Official.

3.8. Associated Party

- 3.8.1 GFH may become criminally liable and suffer significant reputational damage as a result of an act of Bribery by Associated Parties. GFH expects its Associated Parties to act with integrity and to undertake their business without engaging in Bribery.
- 3.8.2 In the event of a bribery case, wherein the reputation of GFH shall be impacted, GFH's Reputational Risk policies shall be followed
- 3.8.3 It is a violation of the Policy to make any corrupt payments through any subsidiaries, agents, intermediaries, business partners, contractors or suppliers (individuals or organizations) of GFH or to make any payment to a third party where there is any reason to believe that all or a portion of the payment will go towards a bribe.
- 3.8.4 The relationship with agents and other intermediaries must be fully documented using the GFH's standard terms and conditions for appointment, which shall include compliance with the Policy and prohibit Associated Parties from making or receiving any bribes.

3.9. Third Party

- 3.9.1 The Bank shall conduct a thorough due diligence of all third parties and ensure that they do not have a reputation for bribery and/or corruption, prior to engaging with them.
- 3.9.2 For all third parties, the Bank deals with shall be provided with a copy of this Policy to ensure that the third party does not engage in bribery or corruption while representing/dealing with the Bank.

3.10. Responsibilities of Executives under the Policy:

- 3.10.1 All Executives must read, understand and comply with this Policy in conjunction with the following policies:
 - Code of Conducts;
 - Whistle Blowing Policy;
 - Gift Policy;
 - Conflict of Interest Policy.
- 3.10.2 The prevention, detection and reporting of bribery offences and other forms of corruption are the responsibility of all those working for GFH or under its control. All such persons are required to avoid any activity that might lead to, or be seen as, a breach of this Policy.
- 3.10.3 Any Executive of GFH must notify the Compliance Department or make a disclosure under GFH's Whistle Blowing Policy as soon as possible if they believe or suspect that an action in conflict with this Policy has occurred, or may occur in the future, or has been solicited by any person.

3.11. Investigation and Documentation of Reports:

- 3.11.1 Any report of solicitations to engage in a prohibited act or possible violation of the Policy will be investigated initially by the Compliance Department. Where the matter is deemed potentially serious it will be promptly reported to the Chairman of the Audit & Risk Committee ("ARC"), and where appropriate, to the Chairman of the Board, and the following procedure will be followed:

For detailed procedure for Investigation, kindly refer to Section 3.7 "Completion of Investigation" as per GFH's whistleblowing policy

3.12. Legal Implications of Accepting/Offering Bribes under Bahrain Law:

3.12.1 **Acceptance of a 'Bribe':** As per Bahrain Labor Law 'it is prohibited for a worker to undertake, by himself or by someone on his behalf, the acceptance of any commissions, gifts, rewards, sums of money or other items of any description in the course of carrying out his job duties without the employer's consent.'

- A gift of "modest value" may be permitted. For example, seasonal inexpensive gifts such as calendars and diaries can be given without concern. Further, gifts of modest value such as pen sets, company plaques, etc, particularly if they bear the donor's name or logo, are customary and acceptable. However, other gifts which are offered individually may give rise to the appearance of impropriety and thus contravene the anti-bribery provisions.
- It is an offence to receive or offer gifts or privileges to a GFH employee, board member, as consideration for doing an act or omitting to do an act involved in his / her duties. It is also an offence to promise to give a gift or privilege of any kind in consideration of performing certain work or abstaining from performing the same, in breach of ones duties or in a manner detrimental to the interests of GFH.
- It is immaterial whether the employee, board member actually intends to perform or abstain from performing the act in question, and whether the act or omission does not constitute part of his / her duties. This is the case even if he/she has alleged or wrongly believed it to be part of their duties, and whether the bribe has been demanded or offered after having completed doing the act, or omitting to do such act, in violation of the duties of their office, or in relation to corporations, in a manner detrimental to the interests of GFH
- Although the law does not entail monetary thresholds in respect of bribes, but criminalises bribery per se, the considerations which will be taken into account are the connection between the bribe, in whatever form offered or requested, and the action or omission expected or offered in return. In respect of events, the relation between the subject matter of the event and the person's specialization, and whether such are related or not, will be considered.

3.12.2 **Offer of a 'Bribe':** As per Bahrain's Penal Code A punishment of imprisonment for a period of no less than 3 years shall be inflicted upon any person who offers to give a civil servant or an officer entrusted with a public service a gift or privilege of any kind whatsoever or a promise to give such a thing for doing an act or omitting to do such act in breach of the duties of his office. The Briber may be subject to imprisonment regardless of whether the bribe was accepted or not

3.12.3 In case any Executive of GFH or its subsidiaries offers any benefit/gift that is categorized as a bribe and above the acceptable retail value outlined in GFH's Gift Policy to any individual or legal person in any sector will eventually lead to, but not limited to, termination of the employment contract. In addition, GFH holds the right to report any such cases that are considered as bribes to the Public Prosecution in the Kingdom of Bahrain, where the following punishments may be imposed as per Bahrain's Penal Code:

- A maximum sentence of 10 years is imposed on any employee, board member, or corporate trustee who has accepted, or requested for himself or another, whether directly or indirectly, a gift or benefit of any kind – or a promise of the same – in exchange for causing (or monitoring) the performance or the omission of performance of a task/duty, and such task/duty is not within the scope of the employee, board member, or corporate trustee's employment, and such action results in harm to the owner of a business or company.'
- Further, apart from confiscation of the bribe, fines shall also apply to offenders, equivalent to the amount of the bribe requested, accepted, promised or offered, subject to a minimum fine of BD500 capped at BD10,000 in the private sector.

3.12.4 In case of any violation of this Policy or the relevant Laws, Rules and Regulations by any Executive in any jurisdiction other than the Kingdom of Bahrain, GFH retains the right to report such violation to the concerned authorities, where the relevant punishments and legal actions will be applicable.