Compliance Department

Gift Policy

Approval Date	12 February 2020
Version Number	2.0

Version History

Version	Version Date	Revision Summary	Author / Policy Owner
1.0	January 2018	Development of the Gift Policy	Head of Compliance
2.0	February 2020	Updating the Gift 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
HRMD	Human Resource Management Department

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1. Introduction

1.1. Purpose

This document defines the Gift Policy pertaining for GFH Financial Group ("the Bank", "GFH", "the Group"). The purpose of this manual is to establish guidelines pertaining to acceptance or offering of gifts to be followed by the management and staff of the Bank and ensure they are compliant with the guidelines at all times.

It is GFH's policy to conduct all businesses in an honest and ethical manner. GFH and its employees, management and Board of Directors are committed to act professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

The objective of this Gift Policy (the "Policy") is to ensure that neither GFH nor any of its Executives offers, gives, solicits or accepts any inducements such as gifts, commissions or any other direct or indirect benefits where such inducements are reasonably likely to conflict any duty that GFH may owe to its clients, shareholders and counterparties.

The Policy aims to achieve good effective handling of any possible conflict of interest situations that may arise on account of the acceptance or provision of gifts and inducements.

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.

"Gift": Anything of value for which an Executive is not required to pay the retail or usual and customary cost. A gift may take many forms, it may include meals or refreshments, goods, services, tickets to entertainment or sporting events, or the use of a residence, vacation home or other accommodations.

"Third Party": Any individual or organization you come into contact with during the course of your work for "GFH". This includes actual and potential customers, suppliers, business contacts, intermediaries, government and public officials, including their advisors, representatives and officials, politicians and political parties.

"Public Official": Officials or employees of any government 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.

"Luxury Gift": Items above the nominal value of USD $5000 which may include, but not limited to, jewelry, watches, electronics, etc.

"Soft dollar agreement": It is an agreement in any form under which GFH receives goods or services in return for investment business put through or in the way of another person

1.3. Scope of the Policy

The policy guidelines apply to BoDs, Department Heads, employees, consultants, outsourced service agencies, GFH contractors / counterparties involved etc.

The Policy covers the following aspects of Gift policy in the Bank:

- Acceptance of gifts; and
- Providing gifts

Neither GFH nor any of its Executives shall offer, give, solicit or accept any kind of gifts and inducements such as commissions or other direct or indirect benefits where such inducements and gifts are reasonably likely to conflict with any duty that GFH owes to its clients or counterparties or intermediaries.

1.4. 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.

1.5. 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 ARC.

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.

1.6. Confidentiality of the policy

The content of this Policy is strictly confidential and no information regarding this policy must be disclosed to outsiders unless / otherwise required by regulator or with the written approval from the policy owner.

2. Responsibilities Matrix

Designation	Responsibilities
Board of Director ("BOD")	The Board has the ultimate responsibility for understanding and endorsing guidelines on Compliance policies at GFH The Board's responsibilities with respect to Compliance Department shall be as follows: • Reviewing the overall objectives of GFH with respect to Compliance Department and ensuring that it is in line with the interests of the shareholders; • Setting a culture for efficient management of compliance activities in the organization, review and approve the GFH's Compliance policies and procedure; • Review and endorse gift policies • 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).
Chief Executive Officer ("CEO")	The CEO will be responsible for: • Recommending the policies related to the management of Compliance activities to Board; • Reviewing Compliance Policies and recommending / presenting the same to the Board; • Review of Compliance reports, breaches if any and provide recommendation where applicable; • Review and approval of presentations presented by Compliance Department; • Review gift policies and ensure it is implemented firm wide • Provide presentations to the Board on changes / updates in the regulatory environment and the impact on GFH

Designation	Responsibilities
	• Communicating with media when necessary
Head of Compliance Department	The responsibilities of Head of Compliance Department include: • Provide competent advice and guidance to GFH and its staff members on all compliance activities • Collaborate with various Lines of Businesses and review if required regulatory requirements are met • Review Compliance policies and provide recommendation on required changes • Highlight CEO on any breaches as per gift policies • Ensure the gift policies are adhered on a firm wide level • Liaise with HR Head where required (i.e. as per gift policy) • Recommend changes / updates to gift policies • 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
Compliance Department ("CMD")	• Liaise with various Business Units / act as intermediary on all compliance related matters pertaining to acceptance of gifts • Act a a point of contact for all queries pertaining to gift policies • Assist Head of Compliance in identifying breaches pertaining to gift policies

Designation	Responsibilities
	• 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")	The IAD is responsible for, but not limited to the following: • 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.
HR Department	• Ensure all employees adhere to the gift policy guidelines • Liaise with Head of Compliance where applicable and as per gift policy guidelines

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 Gift policy shall be strictly adhered to and possible breaches are avoided.

3.1.2 All employees shall read, understand and follow the standards and procedures on "Gift Policy".

3.2. General Principal and guidelines

3.2.1 Gift is defined as 'anything given without the expectation of receiving anything in return'. Entertainment and gifts include (but not limited to):

- Corporate branded items;
- Cultural courtesies;
- Business gifts;
- Travel or accommodation associated with a business conference, meeting or event;
- Business meals and refreshment;
- Ticket to sports, music or cultural events;

- Favorable terms or discounts on a product or service for the employee's benefit that are not otherwise available to all;
- Merchandise (for example, gift baskets, clothing, mugs, pens, collectibles and hospitality bags)

3.2.2 Employees or any other person to whom policy is applicable shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of GFH by maintaining an unimpeachable standard of honesty, impartiality, integrity, accountability, objectivity, openness and selflessness in all their business relationships.

3.2.3 Gifts, entertainment and hospitality offered or received should only be accepted if the condition under the following sections are satisfied:

General Prohibitions

3.2.4 Any staff member of GFH may never, except as provided in this Policy:

- Solicit for himself/herself or for anyone else, anything of value from anyone in return for any business, service, or confidential information of GFH; and
- Accept anything of value, directly or indirectly (other than bonafide salary, wages, awards, and fees paid by or to GFH), from anyone in connection with the business of GFH, either before or after a transaction is discussed or consummated. Note that the restrictions in this section are not intended to apply to gifts based on obvious family (such as your parents, children, or spouse) or close personal friendships, where the circumstances make it clear that it is the relationship rather than GFH's business that is the motivating factor.

3.2.5 It is the responsibility of the employees to ensure that an audit trail exists for all offers of gifts or hospitality, and should complete the form at *Annexure 2* to notify the designated authority as per section 3.8 of gifts, entertainment and hospitality offered and whether the offer is accepted or not.

Acceptable Gifts

3.2.6 Acceptance of gifts of a high financial value (including entertainment and hospitality) from third parties that do business with GFH is discouraged. Subject to the prohibitions in the Prohibitions Section, the following gifts may be accepted on infrequent occasions from a party that does business with GFH, if it is clear that the party is not trying to influence or reward an Executive in connection with any business decision or transaction and the gift is unsolicited:

- Gifts that have a "nominal retail value" (not exceeding USD $300.00) and are given on an occasion when gifts are customary (on a birthday or major holiday, or on the occasion of a promotion or retirement, for example; note that gifts given by a customer in appreciation for good service are generally not permitted, as we consider excellent service to be part of the Executive's job and not out of the ordinary);
- Advertising or promotional material of nominal retail value, such as pens, pencils, note pads, key chains, calendars, and similar items;
- Discounts and rebates on merchandise or services that are offered to the general public, or to all Executives under a plan negotiated by GFH;
- Customary mementos at corporate dinners, sports events, and similar functions;
- Civic, charitable, educational, or religious organization awards for recognition of service and accomplishment having a nominal retail value;

- Gifts that are perishable (a fruit basket, for example) and therefore cannot be easily returned;
- Meals, refreshments, and entertainment in the course of a meeting or other occasion, provided:
  - The purpose is business-related;
  - The Executive's host is present;
  - The Executive's attendance is related to his/her duties with GFH;
  - The level of expense is reasonable and customary in the context of his/her business and the relationship with the host;
  - The expense would be paid for by GFH as a reasonable business expense if not paid for by the host, and the frequency of such invitations from one host is not excessive;

3.2.7 If the Executive has questions about whether a specific invitation may be accepted under this item - whether, for example, it is business-related, or reasonable and customary in the context of GFH's business with the host – then he/she shall discuss it with his/her immediate supervisor or Compliance team.

3.2.8 Whenever an Executive receives a gift, or an offer of a gift, that is not permitted by this Section, he/she shall make every effort to refuse or return it. If that isn't possible, the Executive must notify his/her department head or Compliance team to discuss how to deal with the gift

3.3. Accepting Gifts, Entertainment and Hospitality

3.3.1 In principle, an employee shall not accept any gift, hospitality or favor. All attempts must be made to refuse the gift, hospitality or favor or return the same to the giver.

3.3.2 However, in practice, it may be discourteous or impractical to return the gift, hospitality or favor. If the recipient is unable to return the gift, hospitality or favor, the recipient must declare and surrender the gift, hospitality or favor to Head of Compliance Department without delay.

3.3.3 The only type of gifts which may be accepted and retained by the employee shall be those have no or minimal commercial (i.e. as mentioned under Section 3.2.6). If in doubt, an employee must declare such gifts to his / her immediate supervisor / Department Head and Head of Compliance department.

3.3.4 An employee must report to his immediate supervisor /Head of Department/ Head of Compliance Department if he or she has been offered any inducement or gratification.

3.3.5 Gifts, hospitality and favors must also be refused in any of the following circumstances:

- It is likely to result in unnecessary or undesirable indirect or direct publicity for GFH.
- It is intended to exert influence on GFH's ongoing or pending business transaction with the giver or may adversely affect the reputation of GFH.
- The receipt of such gifts, hospitality or favors would place the recipient under an expectation to reciprocate or grant any preferential treatment.
- The gift or favor is in the form of cash or cash equivalent, concession/preferential offers including but not limited to shares or shares options.

3.3.6 An employee shall not accept free gifts, favors and/or sponsored trips from GFH's vendors, counterparties, business partners, contractors or their respective officers, employees, agents, representatives. If any overseas travel is necessary,

the trip shall be undertaken with the GFH's prior knowledge and approval from immediate Supervisor and Compliance Department, and be in whole or in part at GFH's expense or as an integral part of the contractual obligation acceptable to GFH. Such overseas travel shall be regarded as business trips, which must be duly disclosed to GFH and shall be approved by the relevant Heads of Department/Division as well as Compliance Department

3.4. Offering Gifts, Entertainment and Hospitality

3.4.1 Providing a gift or entertainment to individuals who are not public officials, such as commercial clients, business partners and suppliers, is permissible if the gift or entertainment meets the criteria as defined above under 'section 3.2.3'. No additional approvals are required under this policy if monetary value is not significant and it is infrequent, else approval is required as per section 3.8.4..

3.5. Gifts to Colleagues

3.5.1 A personal gift is a gift, entertainment or hospitality to a personal acquaintance provided at gift-giver's own expense, with no business purpose, with no expectation of any business benefit, and wholly outside the business relationship. Employees may provide personal gifts or entertainment to public officials or employees at commercial clients, business partners or other third parties if the gift or entertainment meets the criteria set above in section 3.2.3.

3.6. Policy Compliance

3.6.1 Strict compliance with this policy is required at all times. All department heads are responsible for enforcement of and compliance with this policy, including its communication to their employees. In case of clarification, the respective departments shall get in touch with Compliance Department. Anyone who shall not comply with this policy will be subject to disciplinary action, up to and including termination, to the extent permissible under local law.

3.7. Inducements

3.7.1 GFH may only accept goods and services under a soft dollar agreement if:

- The goods and services do not constitute an inducement;
- The goods and services are reasonably expected to assist in the provision of regulated investment services to GFH's customers;
- The agreement is a written agreement for the supply of goods or services, and these goods and services do not take the form of, or include, cash or any other direct financial benefit; and
- Makes adequate disclosures regarding the use of soft dollar agreements

3.7.2 Before GFH enters into a transaction for a customer, either directly or indirectly, with or through the agency of another person, under a soft dollar agreement which GFH has, or knows that another member of its group has, with that other person, it must disclose to its customer:

- The existence of the soft dollar agreement; and
- GFH or its group's policy relating to soft dollar agreements.

3.7.3 No broker, including management, employees and other persons acting on GFH's behalf, shall offer or give inducements to dealing room personnel of GFH. No gifts or favours whatsoever shall be so given unless the broker is satisfied that the person responsible for dealing operations in GFH has been informed of the nature of the gift or favor.

3.7.4 Employees of GFH shall not solicit inducements from brokers, nor shall they receive unsolicited gifts or favours from brokers without informing his / her Superior and Head of Compliance Department in GFH of the nature of such gifts or favors.

3.7.5 The making or arranging of bets between brokers and GFH is totally unacceptable.

3.7.6 It shall be the responsibility of management in both GFH and brokers to ensure that entertainment offered in the course of business does not exceed reasonable limits and does not infringe standards of propriety and decency.

3.8. Registration and approval

3.8.1 Any gift above the specified "nominal retail value" (i.e. USD $300) must be reported using the Gift Reporting Form.

3.8.2 The Executive shall submit the Gift Reporting Form, which is available on GFH's intranet (under Public Documents – HR tab), to the relevant department head for approval. The Gift Reporting Form must include all relevant facts, the circumstances surrounding the offer and acceptance, the nature and approximate value of the gift, and the reason why it cannot or should not be returned.

3.8.3 The relevant department head will assess and accordingly make a judgment to approve or disapprove the gift. The Executive must then submit the approved/disapproved Form to the Human Resource Department ("HRMD") / Head of Compliance Department for assessment (i.e. please refer to section 3.8.4 for more details). The HRMD will perform the assessment and if required will seek further clarification from the Executive.

3.8.4 Gifts exceeding the Value of USD $300 are required to be reviewed/approved as per the below table:

Monetary value	Approval Criteria
Items of Nominal value USD 300 or less	No need for registration
US$301-US$750	Department Head +HR Head +Compliance Head
US$ 751 and above	Department Head + HR Head + Compliance Head + ARC
**Based on ARC discretion, any item considered as luxury gifts will be escalated to the Board for their consideration and approval*	

3.8.5 In case a Board Member has received or was offered a gift above the nominal value of USD $300, the 'Gift Approval Form' must be submitted directly to the Compliance Head who will further seek the ARC approval directly.

3.8.6 The Human Resources Management Department shall ensure that all the gift reports and supporting information received are properly recorded and filed. All the approvals issued, with relevant details shall be recorded in the Gift Register maintained for this purpose with Human Resources Management Department.

3.8.7 A Declaration must be signed by all Executives and submitted to HRMD confirming compliance with this Policy.

3.8.8 For gifts received, Compliance Department shall liaise with HR Department to evaluate each received gifts on a case by case basis and decide whether to auction the same or donate it to charity

3.9. Legal Implications or Actions for Receiving/Offering Gifts Against the Policy:

3.9.1 In case the gift accepted (or offered) is not in compliance with this Policy, Human Resource Management Department will have the right to request the Executive to return the Gift if possible, or Human Resource Management Department can seize the Gift and place it under GFH's ownership. Violation of this Policy may lead to strict disciplinary action against the Executive.

3.9.2 The CBB will regard any breaches of rules regarding gifts, favors, betting and entertainment unacceptable.

Bahrain Labor Law (Title X "The Workers duties and accountabilities", Article 72) states:

3.9.3 It is prohibited for a worker to undertake, by himself or by someone on his behalf, accepting 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.

3.10. Appendix 1 – Gift Declaration

Date: _____

GFH Financial Group

28th Floor, East Tower

Bahrain Financial Harbor

Manama

Bahrain

Subject: Gift Policy Declaration

I, the undersigned, bearing CPR/Passport No. _____, do hereby confirm, declare and undertake that:

i. I have read and understood GFH's Gift Policy;

ii. I shall notify GFH in writing through the Gift Reporting Form in line with Paragraph 7 of GFH's Gift Policy;

iii. I am aware that strict disciplinary action will be taken in case of non-compliance with GFH's Gift Policy; and

iv. I undertake to comply with the guidance and responsibilities explained in GFH's Gift Policy.

Yours truly,

Name: _____ Signature: _____

3.11. Appendix 2 – Gift reporting form

GFH Gift Reporting Form		
Event:	**Gift Received** ☐	**Gift Given** ☐
Recipient of the Gift:	**Name:**	**Company:**
	Position:	
Gift Given By:	**Name:**	**Company:**
	Position:	
Gift Received Date:		
Estimated Value of the Gift (USD):		
Details of the Gifts:		
Purpose of the Gifts:		
Additional Information: *(as necessary)*		
GFH Executive Signature:		
Authorized By:	**Approved:** **Yes** ☐	**No** ☐
	Name:	**Department:**
	Position:	**Signature:**
For Human Resources Only:		
Date Report Received		
In compliance with policy?	**Yes** ☐ **No** ☐	
	Comments:	
Escalation Required (for gifts exceeding USD300/-)	**Yes** ☐ **No** ☐	
	Comments:	
For HRMD	**Name:**	**Signature:**

مجموعة جي إف إتش المالية ("المجموعة")

الاجتماع الأول لمجلس الإدارة ("المجلس")

لعام 1441هـ – 2020 م

المنعقد في تمام الساعة الواحدة ظهراً

يوم الأربعاء الموافق 12 فبراير 2020م

من مقر مجموعة جي إف إتش المالية

مملكة البحرين

قرار مجلس الإدارة (م/2020/1/21):

وافق المجلس على السياسات والإجراءات التالية:

1. Information Technology Policy.
2. Business Continuity Plan.
3. Operations Policy.
4. Fund Administration Policy.
5. Legal Policy.
6. Whistleblowing Policy.
7. Gift Policy.
8. GFH Client Charter.
9. Anti-bribery & Corruption Policy.
10. ICAAP, Stress testing and reputational risk.
11. Sanction Policy.

جاسم محمد رفيع الصديقي الأنصاري

رئيس مجلس الإدارة