



## **AL SALAM BANK B.S.C.**

Anti-bribery and corruption policy

July 2020

## Document Version and Change Control

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## 1. Introduction

The Anti-Bribery and Corruption Policy of the Bank outlines the Bank's commitment to prohibit the practice of bribery and the act of corruption within the Bank.

## 2. Objectives of the Policy

The Bank does not tolerate bribery and corruption in any form. Any employee or Director 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.

This policy outlines:

- Definition of bribe and corruption.
- Precautions to be taken by the employees and Directors.
- Reporting an act of bribe or corruption.

This Policy should be read in conjunction with the Gifts and Entertainment Policy which outlines the acceptable forms of gifts and entertainment that is not considered as a bribe.

## 3. Scope of the Policy

The Policy applies to all Directors, Shari'a Supervisory Board members and employees (permanent, temporary, contractual, short term secondees and interns) and external /agents of the Bank. Compliance with this Policy constitutes terms of service for each Director, conditions of employment for each employee, and conditions of providing services to the Bank for each consultant/agent.

The Policy is applicable to acts of bribery or corruption committed by the abovementioned stakeholders both inside and outside of the Kingdom of Bahrain.

## 4. Definitions

- Bribe: Bribe is the act of offering or receiving, monetary or other benefits, to any party, either directly or through a third party, in order to gain an unfair advantage personally or for the Bank.
- Corruption: Corruption is the act of abusing one's power or position for personal gain.
- Acts of bribery and corruption: Bribery and corruption may include the offer or receipt of any of the following items, to gain an unfair advantage:
  - Cash payments
  - Kick-backs
  - Gifts and entertainment
  - Promise of employment
  - Political contributions
  - Charitable contributions

- Facilitation payments: Facilitation payment is a type of bribe wherein cash payments are made third parties (including government officials) in order to speed up routine actions, personal or official, that the third party is otherwise obliged to perform.
- Government officials: Any person who is employed by or acting in an official capacity for the government. This includes employees of government-owned or managed businesses.

### **5. Precautions to take when accepting gifts and entertainment**

- The Bank has established a Gifts and Entertainment Policy which provides guidelines on what is considered as an acceptable gift or entertainment, that may be received or offered to a third party.
- The Gifts and Entertainment Policy ensures that a representative of the Bank may accept or offer something of value, to a third party doing or seeking to do business with the Bank, without the act being construed as a bribe or act of corruption.
- No gift or entertainment offered or received, should result in a favourable action for, the representative 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 and Entertainment Policy.
- If any employee, Director, Shari'a Supervisory Board member, consultant/agent or stakeholder is unclear if a particular payment will be construed as a bribe or corruption, they are encouraged to contact the Compliance Officer prior to making or receiving such payment.

### **6. Dealing with government officials**

- Due to traditional perception that offering something of value to a government official is usually to gain an unfair advantage, representatives of the Bank should be very cautious while dealing with them.
- As stated in the Gifts and Entertainment Policy, prior written approval should be obtained using the Gifts and Entertainment Form, before offering to/receiving from local authorities, government officials, foreign public officials or other public bodies (including regulators), anything of value.
- The abovementioned approval is also applicable for political contributions to a political party or candidate or a charitable donation, in the normal course of business, to an organization affiliated (directly or indirectly) with a government official. These shall be pre-approved and shall be made in the name of the Bank publicly.

**7. Third parties**

- 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.
- All third parties the Bank deals with shall be provided with a copy of this Policy to ensure that the third party does not engaged in bribery or corruption while representing/dealing with the Bank.
- On-boarding procedures for third parties shall include bribery related questions and where a third-party presents increased bribery risk, the MLRO may consider performing enhanced due diligence.

**8. Training**

- ABC policies, standards and procedures should be effectively communicated and apply to persons at all levels of the Bank.
- The Compliance Officer shall ensure that all employees, Directors and Shari'a Supervisory Board members receive appropriate training on the Policy.
- All new joiners, new Directors and new Shari'a Supervisory Board members, shall also be provided training on the subject, as part of their induction.

**9. Reporting an act of bribe or corruption**

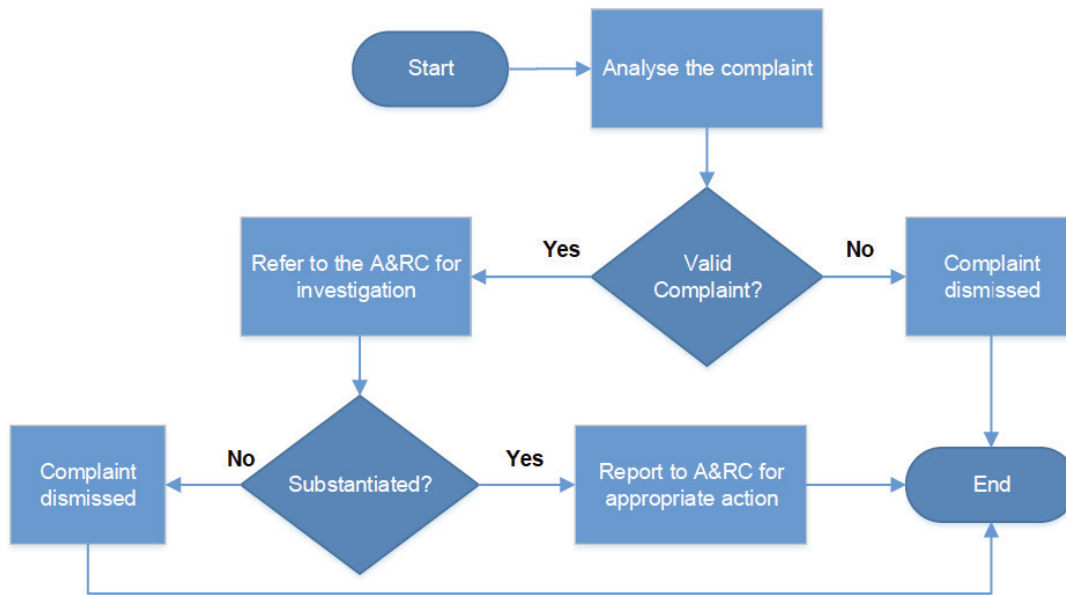
- If an employee, Director or Shari'a Supervisory Board member becomes aware of an act of bribery or corruption committed by anyone associated with the Bank, they are encouraged to immediately report the case to the Compliance Officer (employees and third parties), Audit and Risk Committee (Directors or Shari'a Supervisory Board members) or through the Whistleblower mechanism.
- Please refer to the Whistleblowing Policy to read more about how to raise a complaint.
- The Compliance Officer can be reached using any of the following secure channels:
  - Direct: +973 17133502
  - E-mail: a.yusuf@alsalambank.com
  - Post: P.O. Box 18282

**10. Investigation of complaints**

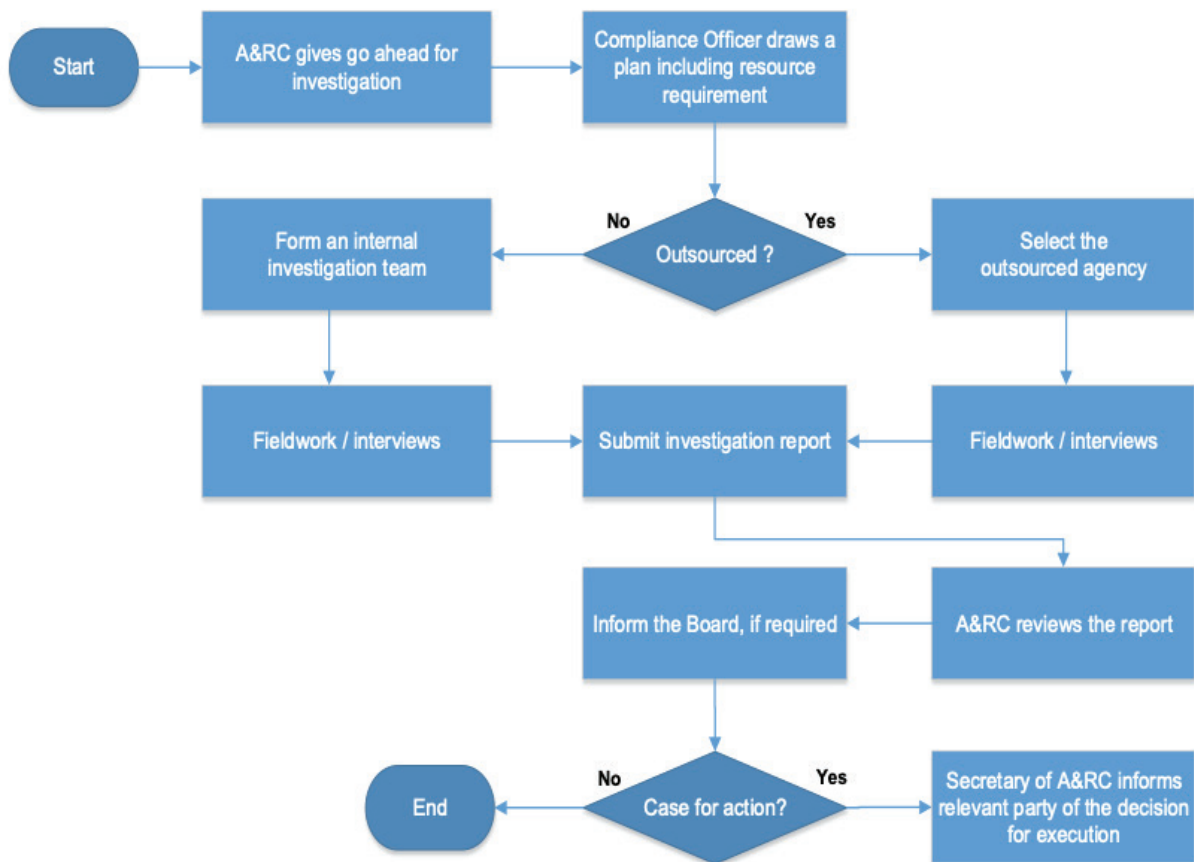
The investigation procedure for a complaint on a person who has allegedly taken/given a bribe or committed an act of corruption shall be investigated similar to a Whistleblowing complaint, as illustrated below:

**Escalation**

- The Compliance Officer shall analyse the merit of the complaint before escalating to the Audit and Risk Committee.



**Investigation**



**11. Responsibilities of the Compliance Department**

- The Compliance Department shall conduct a risk assessment, on an annual basis, to identify inherent risk of bribery and corruption, and determine the effectiveness of the Bank's controls against the risk.
- The risk assessment shall take into account core elements such as:
  - Potential liability created by intermediaries and third parties;
  - Corruption risk associated with countries/industries in which the Bank does business;
  - Transactions with government-owned entities;
  - Activities of the Bank's branches and subsidiaries;
  - Corruption risks associated with gifts, entertainment, charitable donations and political contributions; and
  - Changes on business activities that may materially increase the Bank's risk to bribery and corruption.
- Compliance shall review compliance with this Policy as part of its ongoing monitoring and testing. Compliance testing shall include review of transactions such as expense reimbursements, gifts and entertainment, donations, etc. to ensure that provisions of this Policy have been complied with adequately.
- Compliance, in co-ordination with Risk Department, shall ensure that adequate controls are in place to mitigate any additional legal or reputational risk that may arise due to dealing with certain customers or working on certain types of customer engagement.

**12. Communication of this Policy**

This Policy will be made available to all employees through the HR policy manual, to all Directors through the Directors Hand Book, Shari'a Supervisory Board as an appendix to their appointment contract and other stakeholders through the Bank's website.

**13. Policy management**

- The Board of Directors have overall responsibility for ensuring that this Policy complies with the Bank's legal and ethical obligations and that all those under the Bank's control comply with it.
- The Audit and Risk Committee will monitor the effectiveness and review the implementation of this Policy every year, considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible.





- Compliance Officer has the day-to-day responsibility for implementing, communicating and monitoring the Policy's effectiveness and dealing with any queries on its interpretation.
- Management at all levels are responsible for.

#### 14. Annual declaration

- On an annual basis, all employees, Directors, Shari'a Supervisory Board members and third parties shall sign a declaration confirming their compliance with this Policy. Please refer to Appendix A for the declaration form.
- The Compliance Officer shall initiate the process of annual declaration and the signed declarations shall be handed over in the following manner:

Stakeholder	Official to submit to
Employees	Human Resources
Board of Directors	Corporate Secretary
Shari'a Supervisory Board members	SSB Secretary
Third parties	Money Laundering Reporting Officer

#### 15. Consequences of violation

- Any act in breach of this Policy, in whatever form, is unacceptable. The Bank will take immediate disciplinary action, including dismissal, as well as reporting to the relevant authorities.
- If the matter is reported to the authorities, the following penalties may be imposed, in line with the Bahrain Penal Code:
  - Minimum fine of BD500 and minimum 1 year of imprisonment for offer of bribe to a government official in exchange for performing or not performing an act in violation of the duties of their office.
  - Minimum fine of BD500 and minimum 1 year of imprisonment for offer/provision of bribe to a government official in a foreign country in relation to commercial project or initiation of an international project.
  - Maximum of 10 years for acceptance/ request for a bribe in exchange for performing or non-performance of their duties which results in harm to the Bank.
  - Maximum of 10 years for acceptance/request for a bribe in exchange for causing the performance or non-performance of a task that is not within the scope of their duties which results in harm to the Bank.



**Appendix A – Anti-bribery and Corruption Policy Compliance Declaration**

<b>To:</b>	<b>Compliance Officer</b>
<b>Name:</b>	
<b>Designation:</b>	
<b>Name of Company (for third parties):</b>	

I confirm that, during the year \_\_, I/\_\_\_ (name of entity, if third party) have:

- Complied with the provision of this Anti-bribery and Corruption Policy.
- Not engaged in an act of bribery and corruption.
- Exhibited highest standards of ethics and integrity in executing my responsibilities.
- To the extent possible, applied due diligence measures to detect potential bribery or corruption risk while executing business transactions.

I/\_\_\_ (name of entity, if third party) acknowledge that any violation of this Policy may warrant appropriate disciplinary or legal action.

<b>Signature:</b>	
<b>Date:</b>	

