

Whistleblowing Policy

National Bank of Bahrain

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1. Objective of the Policy

The objectives of this policy are:

- To create an environment whereby the staff and others are encouraged to reveal and report, without any fear of retaliation, subsequent discrimination and of being disadvantaged in any way, about any fraudulent, immoral, unethical or malicious activity or conduct, which in their opinion may cause financial or reputational loss to the Bank.
- To provide employees with the opportunity to access in good faith to the Chairperson of the Audit Committee, in case they observe unethical and improper practices or any other wrongful conduct of a financial or legal nature in the Bank and to prohibit managerial personnel from taking adverse action against employees for doing so.

This policy is in line with best practices and in accordance with the requirements of the CBB.

2. Definitions

- **“Adverse Personnel Action”**: An employment related act or decision or a failure to take appropriate action by management which may affect the employee’s employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves, training or other privileges.
- **“Alleged Wrongful Conduct”**: Violation of law, breach of duty of care, infringement of the Bank’s Code of Conduct, misappropriation of monies and actual or suspected fraud or abuse of authority, of a financial or legal nature.
- **“Audit Committee”**: A sub-committee of Board of Directors of the Bank.
- **“Bank”**: National Bank of Bahrain.
- **“Good Faith”**: An employee shall be deemed to be whistle blowing in ‘good faith’ if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the whistle blowing or where the employee knew or should have known that the whistle blowing is malicious, false or frivolous.
- **“Policy” or “This Policy”** means: this **“Whistleblowing Policy.”**
- **“Unethical and Improper Practices”**: a) An act which does not conform to approved standards of social and professional behavior; b) An act involving unethical business practices; c) Improper, wrongful or unethical conduct; d) Breach of Code of Conduct or morally offensive behavior .In general, the above improper conduct will be seen in wrongdoing of a financial or legal nature, such as corruption, theft, fraud, misuse of Bank property or cash, abuse of official position for personal gain, etc.
- **“Whistle Blower”**: Whistleblower is a person or institution, who blows the whistle in good faith and sends communication to the entrusted authority, following the process as prescribed,

includes current, former or temporarily employees of the Bank, vendors, contractors or any other service providers.

- **“Whistleblowing”**: 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 Bank as a trusted financial services provider.

3. Applicability

This Policy applies to current, former and temporary employees of the Bank in the Kingdom of Bahrain and Overseas branches. It is also applicable to those providing the Bank with services including agents, consultants, auditors, suppliers and other service providers under contract with the Bank.

4. Policy Statements

This Policy covers situations where an individual raises a concern about wrongful conduct, unethical and improper practices. The following are examples but should not be considered as exclusive nor exhaustive examples and there may be other serious concerns, which would come up under this Policy:

Financial Misconduct - examples include falsification or destruction of business or financial records, misrepresentation or suppression of financial information. Non-adherence to internal financial reporting policy/controls, including management overrides and auditor independence concerns.

Suspected Fraudulent Activity - examples include theft, defalcation, insider trading, market manipulation, and corrupt practices including giving or receiving bribes or other improper benefits, over-billing or billing for services not performed.

Breach of Policies, Laws and Regulations - examples include conflicts of interest, breach of duty of care, breach of Anti Money Laundering law, negligence, harassment, racial discrimination and non-adherence to internal policies.

4.1 Protection under the Policy:

An employee who acts as a Whistle Blower is protected against unfair termination and unfair prejudicial employment practices. No Adverse Personnel Action shall be taken or recommended against any Whistle Blower in retaliation against his disclosure in Good Faith of the alleged Unethical and Improper Practices. Any Whistle Blower who considers that Adverse Personnel Action has been taken against him due to his disclosure of information under this Policy may seek redressal by approaching the Chairperson of the Audit Committee. If proven that the Whistle Blower suffered any form of retaliation due to their disclosure, disciplinary action will be taken against any retaliator/s (including termination of employment, if warranted). However, this Policy does not protect a Whistle Blower or an employee from adverse action which occurs independent of his disclosure of Unethical and

Improper Practices and is related to poor job performance or any other disciplinary action unrelated to a disclosure made pursuant to this Policy.

4.2 False Allegation and Legitimate Employment Action:

An employee who knowingly makes false allegations of Unethical and Improper Practices or Adverse Personnel Action to the Chairperson of the Audit Committee shall be subject to disciplinary action (including termination of employment, if warranted) in accordance with the Labour Law provisions and the Bank's rules, policies and procedures. Further, this Policy may not be used as a defense by an employee against whom Adverse Personnel Action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under the Bank's rules and policies.

4.3 Maintaining Confidentiality in the Process:

The Whistle Blower should honor the requirement to maintain confidentiality of the subject of the complaint, i.e. he/she should not inform any other person. Also, particular care should be taken not to disclose the matter of whistle-blowing or the cause thereof to any person or entity outside the Bank. In the event it is understood by the Bank that the Whistle Blower has failed to comply with the requirements of confidentiality as stipulated in this section, he/she will be subject to the Bank's disciplinary measures for breach of confidentiality.

All cases will be processed in a highly confidential manner. Every effort will be made by the Chairperson of the Audit Committee not to reveal the identity of the Whistle Blower to other parties that are involved in any subsequent investigation of the matter. However, it should be understood by the Whistle Blower that it may be necessary to present him at the appropriate time as a witness before the relevant authorities, if required.

4.4 Anonymous Allegation:

To encourage a strong speak up culture and to provide additional level of security that helps the Whistle Blower feel comfortable reporting, the Policy offers anonymous reporting. If individuals choose to report their concerns anonymously, such anonymity will be respected however, the reported case will be investigated to the extent possible based on the furnished information.

If subsequently a Whistle Blower believes that there has been a breach of confidentiality, the Whistle Blower can lodge a complaint to the Chairperson of the Audit Committee, who will commission an investigation of the matter, and disciplinary action will be taken against the person who jeopardized the anonymity of the Whistle Blower.

The substance of the whistleblowing case, identity of the Whistle-Blower and the accused/implicated person, shall be treated with utmost confidentiality, unless disclosure is mandated by any regulatory process and/or legal proceeding.

4.5 Rights and Obligations of the Implicated Person:

Any of the Bank staff members implicated by the whistleblowing report must be notified in good time of the claim made against him/her, provided that this notification does not impede the progress of the procedure for establishing the circumstances of the case. The implicated person identity will be treated with utmost confidentiality.

The implicated person has the right for fair hearing, if it is not possible to hear him/her directly, the Chairperson of the Audit Committee shall decide on the measures required.

The implicated person is obliged to furnish factual and accurate information as known by him/her and to preserve confidentiality of the case.

4.6 Procedures for Handling Whistle-Blowing:

An employee who observes Unethical and Improper Practices in the Bank may report the same to the Chairperson of the Audit Committee, through hard copy or e-mail. The reporting should be done as soon as possible after noticing the matter to be reported, so as to facilitate taking prompt action and to establish that there are reasonable grounds for the allegation. No attempt should be made by the Whistle Blower to personally conduct investigations, interviews or questioning.

Upon receiving a Whistle Blower report, the Chairperson of the Audit Committee will request the Chief Internal Auditor to inquire into the allegation raised by the Whistle Blower, such that he can establish facts to his full satisfaction and he will inform and involve other Bank staff on a 'need to know' basis to the extent necessary to successfully investigate the allegation.

The Chief Internal Auditor's investigation will be done in a thorough, timely, and fair manner, in coordination with relevant members of the Bank's senior management. The investigation will be independent of the Whistle Blower and all other persons alleged to be involved in the whistleblowing complaint. If the Chief Internal Auditor deems it necessary to have available a resource with a specific skill set which is not available within the Internal Audit Department, internal or external providers may be sourced to assist in the investigations.

The Chief Internal Auditor will keep the Audit Committee advised of the outcome of the investigations and will communicate the same to the CEO and the Chief Human Resource Officer (CHRO) and any other executive who will be involved in determining the suitable remedial action including any disciplinary action, as it may be deemed necessary.

Depending on the materiality of the investigation results, the Audit Committee members may form a subcommittee to meet with the CEO, CHRO and other executive management to discuss the results and to explore the available disciplinary actions.

In cases that pertain to high-level Bank's employees (executive management), the investigation results could be submitted directly to the Audit Committee only.

As the Board has the ultimate responsibility for the Bank's oversight, the Audit Committee, based on the materiality of the investigation results, will decide on immediate reporting to the Board or report the results on the coming board meeting.

The Chief Internal Auditor will ensure that a summary of all whistleblowing cases along with the corrective measures taken, if any, is reported to the Board on quarterly basis.

5. Contact details for the Whistle Blower:

- **Email:** whistleblowing@nbbonline.com
- **Mail:** Chairperson of the Audit Committee, NBB Old Tower, PO Box 106, Manama, Kingdom of Bahrain

6. Policy Review

This policy should be reviewed every two years or more frequently than that if necessary, based on changes in the Bank's processes, systems, or regulatory requirements.

7. Document Administration

To ensure the document referred to is the current version, the document shall be maintained on the Intranet of NBB's network and the Bank's official website. The following guidelines for use and maintenance shall apply:

- Any section of the document or the document in totality, if printed, will automatically assume an "un-maintained" status and the user of a hard copy of the document shall assume full responsibility for resultant non-compliance to policy in the event of changes made to the version held on the central electronic repository.
- Access to the document shall be restricted to "read-only" for all users to prevent any unauthorized amendments to the policy. Any changes to the policy should be subject to the approval of the Board of Director.