



GROUP WHISTLEBLOWING POLICY & PROCEDURES

Document Control

Latest Release Date:	23 2 2022
Document Version:	V3_02/2022
Document Status:	Final- Approved by Board of Directors on Meeting no.1/2022 dated 23.2.2022.
Owner/Owners Department:	Internal Audi Department, Head Office.



Document Control

Change Record

Date	Author	Version	Change Description
18/04/2011	Dr. Jaffar Mohammed Ahmed - CRM	V1_04/2011	Initial Version
23/01/2018	Dr. Jaffar Mohammed Ahmed - CRM	V2_01/2018	Revision-Addition-Review-Expansion
23/02/2022	Mohamed Al-Alawi - Head of Internal Audit - ABG	V3_02/2022	Change of document format - Revision - Revamp.

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Recommendation

Name	Position	Date / Resolution & Meeting Number
ABG Audit Committee.		8.11.2021 Resolution No. 454

Approval

Name	Position	Date / Resolution & Meeting Number / Signature
Board of Directors.		23.02.2022 Meeting No. 1/2022



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1. Preface

Islamic Banking and Good Governance

The Islamic ethics of business are the backbone of Islamic banking, requiring adherence to the highest levels of transparency and principles of good governance. It is in this way that the global drive to enhance corporate governance is essentially consistent with the Islamic business ethics. Our internal control documents seek to incorporate and blend both the ethical principles of business and the global governance best practices.

Our Vision and Business Philosophy

Al Baraka Banking Group was incorporated on June 27, 2002 to embrace, under a single entity, separate independent banks, operating in different countries, some of which had been established over the past four decades. Al Baraka's business philosophy has been to provide retail, commercial, corporate, investment banking and treasury services in conformity with the principles of Shari'a across the globe in a way that adds value to our shareholders, customers and the communities in which we operate.

Our Strategic Objectives

With the establishment of a corporate governance and management infrastructure consistent with the contemporary international banking standards, Al Baraka functions under the following strategic objectives:

1. Increase profitability
2. Product innovation
3. Enhance technology and internal processes
4. Improve customer and staff satisfaction
5. Sustainability and social responsibility

In view of the above, our control documents seek to embody the ethos of good ethics and governance in the Islamic banking environment.



2. Summary of the Document

The Policy & Procedures document was developed in accordance with the Central Bank of Bahrain general principals “BC-B.1.10” which requires a Policy & Procedures document to be circulated internally to encourage all employees to report promptly to an appropriate level of management any breach or suspected breach of business conduct principles.

2.1. The objective of the document

This Policy & Procedures document is intended to encourage staff and other relevant stakeholders to report perceived or suspected misconduct of employees, management, directors and other stakeholders across the Group/Units to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concern(s) under this Policy & Procedures document res. Specific objectives of this Policy & Procedures are:

- To ensure all employees feel supported in speaking up in confidence and reporting matters they suspect may involve improper, unethical or inappropriate conduct within the Group/Units;
- To encourage all improper, unethical or inappropriate behavior to be identified and challenged at all levels of the organization;
- To provide clear procedures for reporting and handling such concern(s);
- To proactively prevent and deter misconduct which could impact the financial performance and damage the Group/Units reputation;
- To provide assurance that all reporting will be handled seriously, treated as confidential and managed without fear of reprisal of any form; and
- To help promote and develop a culture of transparency, accountability and integrity.

2.2. The particular part of governance it seeks to address and improve

- Policies and Procedures.
- Alert Reporting.
- Awareness.

2.3. Who are the primary and secondary audience for this document

- Group board of directors.
- All employees of the Group.
- All boards of directors of the Units.
- All employees of the Units.
- All Service providers to the Group/Units.



3. Document Administration

3.1. Maintenance of the document

In order to ensure the document referred to is the current version, the document shall be maintained in a central electronic repository on the Group's network and the following guidelines for use and maintenance shall apply:

- a. Any section of the document or the document in totality, if printed, will automatically assume an "un-maintained" status and the user of hard copy of the document shall assume full responsibility for resultant non-compliance to policies in the event of changes made to the version held on the central electronic repository.
- b. Changes to the document will be monitored and controlled through a version control numbering system. The control document when first released in the electronic repository shall bear the version number V1_Month of release/Year of release (e.g V1_01/2016 which means first version released and the release date is January 2016). Subsequent amendments will be numbered V2_Month of amendment/Year of amendment, V3_Month of amendment/Year of amendment and so on. This needs to be applied to any document changed, updated, revamped or overhauled.
- c. The document shall be stored in a separate electronic folder within the document repository under the policies, procedures, charters, group guidelines and department charters custody at the Group Head Office and a copy maintained with the owner department.
- d. Access to the document shall be restricted to "read only" for all users to prevent any unauthorized amendments to the Policy & Procedures document & Procedures document.

3.2. Amendments to the document

The owner department/departments are required to update the document every two years as a minimum. In case of any major changes requiring the change of the document, the owner department/departments need to update the document even before the completion of 2 years from the last update. The authority for this regular update and also any major changes are to be approved as per the original approving party.



4. Scope

- 4.1 This Policy & Procedures document is designed to enable all employees and other relevant stakeholders to report any perceived or suspected act of misconduct, which should not be based on mere speculation, rumors and gossips but on knowledge of facts. Reportable misconducts or concerns covered under this Policy & Procedures document include:
- All forms of financial malpractices or impropriety such as fraud, corruption, bribery, theft, embezzlement and concealment;
 - Failure to comply with legal obligations, statutes, and regulatory directives;
 - Actions detrimental to Health and Safety or the work environment;
 - Any form of criminal activity;
 - Improper conduct or unethical behavior that undermines universal and core ethical values such as integrity, respect, transparency, honesty, accountability and fairness;
 - Other forms of corporate governance breaches;
 - Connected transactions not disclosed or reported in line with regulations;
 - Insider abuse;
 - Non-disclosure of interests;
 - Sexual or physical abuse of staff, customers, prospective staff, service providers and other relevant stakeholders; and
 - Attempt to conceal any of the above listed acts.
 - Suspect, questionable, unethical or unlawful accounting, practices and procedures
 - Intentional breach of, or failure to implement, accounting policies, practices and procedures, approved by the Board of Directors
 - Misleading or coercion of auditors
- 4.2 The above list is not exhaustive. However, judgment and discretion is required to determine misconduct or concerns that should be reported under this Policy & Procedures document.
- 4.3 An employee's private complaints "Grievances" are considered outside the scope of this Policy & Procedures document. Hence, such incidents will be processed according to the Grievances Procedures stipulated in the Human Resources Policies / Procedures Manual or any other relevant document.
- 4.4 This Policy & Procedures document includes:
- The Policies & Procedures according to which an employee can report any instance of conduct that he or she considers to be in breach of such principles;
 - Actions to be carried out by management upon receipt of the report; and
 - The obligations of the Group/Units to take measures to prevent future breaches.

5. Documents related to this Policy & Procedures document

- Group Code of professional Conduct.
- Group Anti-Bribery and corruption (ABC) Policy & Procedures document.



- Al Baraka Banking Group B.S.C. Policy & Procedures document on Key Persons Holdings & Dealings in Securities.

6. Definitions

- **The Group:** Al Baraka Banking Group (B.S.C.).
- **A Unit:** A subsidiary of Al Baraka Banking Group (B.S.C.).
- **Whistleblowing:** is the reporting of suspected unethical business practice, conduct of employees, management, board of directors and any other stakeholder to the authorities stipulated in this Policy & Procedures document.
- **This Policy & Procedures document & Procedures:** This “Group Whistleblowing Policy & Procedures document & Procedures”.
- **Whistle-blower:** Whistle-blower is a person or institution, who blows the whistle and sends communication in Good Faith to the appropriate pre-identified authority, following the process as prescribed, including current, temporary or former employees, shareholders, directors, vendors, contractors, service providers, customers, or the general public. The role of a Whistle-blower would remain to the extent of reporting only, who neither will be considered an investigator nor determines the appropriate corrective or remedial action that may be required under the given situation.
- **Designated Person:** The person who will handle reports and concerns raised under this Policy & Procedures document according to the process described hereunder. The Head of Internal Audit is “designated person” under this Policy & Procedures document, unless circumstances necessitate a deferent arrangement.
- **Good Faith:** Good Faith is evident when the report is made without consideration of personal benefits and not based on personal grudges and enmity, and the Whistle-blower has a reasonable basis to believe that the contents of the report are true.
- **Misconduct:** Examples of Misconduct include, but are not limited to, financial fraud, violation of laws and regulations, violation of internal policies, immoral or unethical behaviour or malicious practices, negligence of duty and threats to the business.
- **Grievance or private complaint:** is a dispute about the employee’s own employment position and has no public interest dimension.
- **Retaliation:** means any act of bullying, discrimination, revenge or harassment directly or indirectly taken against a Whistle-blower, by any person, for making a disclosure under this Policy & Procedures document.
- **Protection:** Protection means all reasonable steps taken by the Group/Units to ensure confidentiality of the Whistle-blower’s name as well as measures enforced to protect the Whistle-blower from retaliation and financial losses.
- **The Report / Report:** The Whistleblowing report – in hard copy, e-mail or made verbally – containing the disclosure of a perceived or suspected misconduct and is made under the provisions of this Policy & Procedures document.
- **Audit Committee:** A sub-committee of Board of Directors of the Group/Units to which the Internal Audit Department reports.
- **GCEO:** The Group Chief Executive Officer.
- **Employee:** Permanent and temporary members of staff including executives, directors, trainees, secondees, voluntary workers, working in any company and in any capacity.



7. Responsibilities

- 7.1 The oversight of this Policy & Procedures document rests with the Board Audit Committee, and to report the same to the Board of Directors where it's applicable under the instruction and guidance of the Board Audit Committee.
- 7.2 The Head of Internal Audit is overall responsible for the operation of this Policy & Procedures document.

8. Confidentiality

- 8.1 All matters will be treated in strict confidentiality and the identification of the Whistle-blower will not be disclosed except for inevitable situations, where disclosure of the identity of the Whistle-blower is essential (for instance, his/her statement/evidence is needed in court or by legal authorities) or it has to be disclosed to those persons who have a need to know, in order to properly conduct an investigation of the concerns raised.
- 8.2 The Group/Units expect that a Whistle-blower maintains a high-level of confidentiality.
- 8.3 Breach of any confidentiality requirement under this Policy & Procedures document by any party involved in the investigation process will result in disciplinary action against that party as decided by the Group/Units.

9. Anonymous Reporting

- 9.1 The Group/Units respect the wish of the Whistle-blower to remain anonymous, i.e. not revealing his or her true identity. However, it must be appreciated that it is more efficient to follow up and to verify concerns if the complainant does provide his or her name. Reports raised anonymously will be considered at the discretion of the investigating parties designated by the Audit Committee. Factors taken into considerations when exercising this discretion include, but are not limited to, the following:
- The alleged wrongdoer;
 - The seriousness of the allegation;
 - The credibility of the allegation;
 - The likelihood of confirming the allegation from attributable sources; and
 - The urgency of an investigation and resolution.
- 9.2 The Group/Units are not accountable for maintaining anonymity where the Whistle-blower has told others of the misconduct or concern in an open/non-confidential manner.

10. False Allegations

- 10.1 The sensitive nature of the corporate and professional reputation demands that the Group/Units view very seriously any report that proves to be unsubstantiated have been submitted **knowing it to be false**, based on personal grudges or with malicious intent. The Group/Units regard the making of such reports as a serious disciplinary offence that entails a disciplinary action in



accordance with the provisions of the Labour Law and the Group/Units internal rules, policies and procedures. Furthermore, the Group/Units bear no legal or professional responsibilities towards false allegations.

- 10.2 If a Whistle-blower makes an allegation in Good Faith, but it is not confirmed subsequently by the investigation, no action will be taken against him/her.
- 10.3 Whistle-blowers are encouraged to the highest Islamic ethical standards and to take every care to ensure the accuracy of the information before making an allegation.

11. Protection of Whistle-blowers

- 11.1 The Group/Units stand committed to protecting Whistle-blowers who make a disclosure or raises a concern under this Policy & Procedures document & Procedures document from retaliation, if the person:
- Discloses the information in Good Faith;
 - Believes it to be substantially true;
 - Does not act maliciously or make false allegations, and
 - Does not seek any personal or financial gain.
- 11.2 Retaliation or victimization of whistleblowers is improper behavior and will not be tolerated. Those who commit such acts expose themselves to their contract being terminated. It is a significant breach of this Policy & Procedures document to dismiss anyone or allow him or her to be victimized on the basis that he or she have made an appropriate whistleblowing reporting.
- 11.3 Where a Whistle-blower has suffered retaliation or who believes that retaliatory action has been taken against him/her because of whistleblowing or cooperating in an investigation or audit, he/she should contact the Head of Internal Audit immediately, providing him with all information and documentation available in support of his/her complaint.
- 11.4 The Head of Internal Audit shall order an immediate investigation and review the evidence provided. Where the result of the Investigation determines that the Whistle-blower has suffered retaliation, an immediate action should be taken to protect the Whistle-blower and inform the appropriate internal and external authorities.

12. Reporting

- 12.1 The whistle-blower should report his/her concerns in writing – through hard copy or e-mail – stating that he/she is doing so under the provision of the Whistleblowing Policy & Procedures document.
- 12.2 Where the whistle-blower exceptionally choses to raise his concerns verbally, the same provisions of this Policy & Procedures document will be applied.
- 12.3 The reporting should be done as soon as possible after noticing the matter to be reported to facilitate taking prompt action and to establish that there are reasonable grounds for the allegations.



- 12.4 The report should include, at the minimum, the following information:
- An outline of the perceived or suspected misconduct including names of those involved, dates and figures;
 - Details of how he/she comes to know about the suspected activities;
 - Breaches of internal controls, policy & procedure or other requirements if he/she believes that took place;
 - The name of anyone who he/she has discussed or reported this incident to;
 - The Whistle-blower name and contact details;
 - Date and time of submission of the report; and
 - The supporting evidences and documents whenever applicable and available.
- 12.5 The Whistle-blower, in no case, will be expected to prove the misconduct that he/she witnessed or suspect its existence. However, he/she will need to be able to explain the basis of the allegations.

13. Procedures

- 13.1 The Group/Units are committed to objectively investigate all reports and concerns raised under this Policy & Procedures document thoroughly, fairly and in a timely manner.
- 13.2 Whistle-blowers are encouraged to raise concerns to the Group Head of Internal Audit as per the following contact details:

Name: Mr. Mohamed Alawi
Telephone No. +973 17541122 ext: 212
Email: malalawi@albaraka.com

In case of Group Head of Internal Audit is absent/on leave, the whistleblower may raise his/her concern to the Group Head of Legal Affairs as per the following contact details:

Name: Dr. Adel Basha
Telephone No. +973 1541122 ext: 195
Email: ABasha@albaraka.com

The Group Head of Internal Audit may also escalate the whistleblowing to the Group Chief Executive, Chairman of the Audit Committee or Chairman of the Board of Directors as he sees fit. The same practice applies to the Group units, where escalation should be made to the local Head of Internal Audit or the Group Head of Internal Audit if such whistleblowing requires intervention from the Group Head Office.

- 13.3 All reports received – from an internal or an external party – shall be logged in a specific register maintained by the Head of Internal Audit.
- 13.4 **Within ten (5) working days** of a report being made, the addressed designated person **must write to** the Whistle-blower acknowledging the receipt of the said report.



- 13.5 In order to safeguard the rights of the Whistle-blower and the accused person, and to avoid creating unnecessary inconveniences, reported allegations will be initially evaluated and verified by the designated person to determine their actuality and whether an investigation is appropriate and, if so, what form it should take. Should the allegations prove to be unsubstantiated or not falling under the scope of this Policy & Procedures document, the following procedure will be applied:
- Unsupported allegations: will be dealt with according to procedures covered in Section 10. False Allegations, of this Policy & Procedures document.
 - Grievances/Private complaints: will be dealt with according to procedures covered in Section 4 Scope, Paragraph 4.3, of this Policy & Procedures document.
- 13.6 Subsequently if a whistleblower allegation requires an investigation, an examination report on the confirmed allegations, along with the whistleblowing report, will be presented to the Chairman of the Audit Committee.
- 13.7 Where an urgent action is required, it may be taken before an investigation is completed.
- 13.8 The frequency of contact between the designated persons and the Whistle-blower will depend on the issues raised, the potential sensitivities & difficulties and the quality of information. Further information may be requested from the Whistle-blower if necessary without violating any local regulation.
- 13.9 If the reported issue is of a complain nature, it may be resolved without the need for further formal investigation.
- 13.10 Some concerns may be resolved by agreed actions at the initial stages without the need for further investigation. A summary report of those will be presented to the Chairman of the Audit Committee and shared with o the GCEO for his their information.
- 13.11 Once an investigation is completed and/or the matter is resolved, a summary report on the incident shall be submitted to the Chairman of the Audit Committee.



14. Retention of the records

- 14.1 All documents produced during the process of reporting, investigation and conclusion represent evidence that should be preserved, protected and retained in accordance with the Group/Units record retention Policy & Procedures and the applicable laws.
- 14.2 As some information may pertain to the identity of Whistle-blowers who are afforded anonymity, care must be taken to restrict access to and secure hard-copy documents and electronic data in order not to publically expose such information.
- 14.3 Records of any investigations under this Policy & Procedures document will be retained for a minimum period of five (5) years and for as long as deemed necessary by the Group/Units.

15. Availability and Training

- 15.1 It is the responsibility of the Human Resources Department (HR) to ensure that all employees have read and understood this Policy & Procedures document.
- 15.2 This Policy & Procedures document should form a part of new-employee onboarding paperwork. Accordingly, new employees must be provided with training about the Policy & Procedures document and their rights and obligations under it within a maximum period of Three (3) months from the date of joining the Group/Units.
- 15.3 To raise awareness, HR will conduct workshops or structured presentation sessions regularly or as deemed necessary to explain the Policy & Procedures document to all employees and its importance to them as well as to the Group/Units.

16. Disclosure

The Policy & Procedures document is distributed by the following means of communication:

- Publishing on the Group/Units intranet to all employees.
- Internal email/announcements notifying the existence and outlines of the Policy & Procedures document.
- Publishing on the Group/Units corporate website to make it accessible to all other external parties and stakeholders to whom this Policy & Procedures document applies.