

Esterad Bank B.S.C. (C)

Whistleblowing Policy

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Licensed as an Islamic Wholesale Bank by the CBB

Glossary

Abbreviation	Details
BoD/Board	Board of Directors
ARC	Audit & Risk Committee
CBB	Central Bank of Bahrain
CEO	Chief Executive Officer
IA	Internal Audit

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1. Introduction

1.1. Overview

This document aims to set out Esterad Bank's ("EB" or "the Bank") written, formal whistleblowing policy, consisting of effective procedures for disclosure or reporting of misconduct and impropriety so that appropriate remedial action can be taken if concerns are deemed legitimate.

This policy is in line with best practices and in accordance with the requirements of the Central Bank of Bahrain (CBB).

1.2. Objective and Scope

The objectives of this policy are:

- To create an environment in which stakeholders are encouraged to report any fraudulent, immoral, unethical, or malicious activities, as well as significant breaches of policies, laws, and regulations, which they believe might lead to financial or reputational harm to the Bank, without fear of retaliation, subsequent discrimination, or any other form of disadvantage.
- To provide employees with the opportunity to approach the executive management in good faith if they observe unethical or improper practices, or any other wrongful conduct of a financial or legal nature within the Bank.
- Protect whistleblowers from retaliation and prohibit managerial personnel from taking adverse action against employees for doing so.

This policy applies to current, former, and temporary employees of the Bank and its subsidiaries, referred to as 'employees', in the Kingdom of Bahrain, as well as service providers, including agents, consultants, auditors, suppliers, other service providers under contract with the Bank, as well as any other stakeholders.

All employees shall be encouraged and be able to communicate confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This includes the escalation of material concerns to the CBB.

1.3. Frequency of Review and Approval

The Head of Compliance of the Bank is the policy owner for this policy. The policy should be reviewed by the policy owner on an annual basis. The policy owner is responsible for updating the policy as be and when required to be in line with the legal, regulatory and operating environment.

Proposals for updates need to be shared by the Head of Compliance to the Audit & Risk Committee (ARC) and Board of Directors of the Bank for approval.

1.4. Distribution

The policy will be made available to all the Bank's Employees internally. In addition, the approved document will be published on the Bank's website to make it accessible to all other external parties to whom this Policy applies.

1.5. Effective date

This policy is effective from the date of its approval.

2. Roles and Responsibilities

2.1. Board of Directors (Board/BoD)

- The Board must have oversight of the whistleblowing policy mechanism and ensure that senior management addresses legitimate issues that are raised.
- The Board must take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals and that their rights are not undermined.
- The Board must approve and oversee how and by whom legitimate material concerns shall be investigated and addressed such as by an objective and independent internal or external body, senior management and/or the Board itself.
- The Board must ensure that, after verifying the validity of the allegations, the person responsible for any misconduct is held accountable and is subjected to an appropriate disciplinary measure.

2.2. Audit & Risk Committee (ARC)

- The ARC shall be responsible for overseeing this Policy and reviewing the effectiveness of measures taken in response to 'Whistleblowing Reports' raised by the whistleblowers.
- Their role includes receiving Whistleblowing Reports and performing assessments to determine the scope of the investigation and appropriate measures to be taken and forming the investigation committee where required.

2.3. Senior Management

- The senior management is responsible for ensuring that the Whistleblowing Policy is effectively communicated and implemented. This includes raising awareness of the policy among employees and displaying the Bank's core values, which emphasize the importance of ethics, transparency, and responsibility.
- The Chief Executive Officer (CEO) is responsible for ensuring that the senior management resolves issues raised as a result of the Bank's Whistleblowing Policy.
- The senior management will take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals and that their rights are not undermined.
- The senior management will approve and oversee how and by whom legitimate material concerns shall be investigated and addressed such as by an objective and independent internal or external body and ensure that, after verifying the validity of the allegations, the person responsible for any misconduct is held accountable and is subjected to an appropriate disciplinary measure.

2.4. Head of Compliance

The Head of Compliance is responsible for:

- Creating clear and comprehensive guidelines for reporting misconduct, protecting whistleblowers, and conducting investigations.
- Setting up secure and accessible channels for employees to report concerns, such as hotlines, email addresses, or online portals.
- Conduct regular training programs to educate employees about the whistleblowing policy, their rights, and the importance of ethical behaviour.
- Acknowledging the receipt of reports through the whistleblowing channels, determining the seriousness of the allegations and prioritizing investigations accordingly.
- Conducting impartial investigations overseeing thorough and unbiased investigations into reported misconduct.
- Reporting the reasons to the ARC and the Board for considering or not considering the allegations for investigation.
- Ensuring the confidentiality and anonymity of whistleblowers throughout the process.
- Recommending disciplinary or corrective actions based on the findings of the investigation.

- Ensuring the Bank will not discharge, demote, threaten, harass or retaliate against such individual and will take appropriate actions to protect the whistleblower.

2.5. Employees

- All Employees are responsible for reporting any wrongdoing to the Bank. This includes raising serious and genuine concerns rather than overlooking a problem or 'Blowing the Whistle' outside the Bank. Employees who knowingly prevent or cover up any act of fraud or corruption are subject to disciplinary action as per the applicable policies of the Bank.

3. What is Whistleblowing?

Whistleblowing is the act where an individual raises concerns about any situation like wrongful conduct, unethical practices and improper behaviour within the Bank and its subsidiary companies. The following examples are provided, but they should not be considered exclusive or exhaustive. There may be other serious concerns that fall under the scope of this Policy:

- **Financial Misconduct:** Examples include falsification or destruction of business or financial records, misrepresentation or suppression of financial information. It also includes non-adherence to internal financial reporting policies/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.
- **Significant Breaches of Policies, Laws, and Regulations:** Examples include data privacy breaches, Conflicts of Interest Policy breaches, Anti Money Laundering Policy violations, and other substantial breaches of internal policies.
- **Health and Safety Violations:** Examples include an organization failing to follow protocols that ensure the safety and well-being of employees, potentially exposing them to hazards or unsafe working conditions.
- **Environmental Damage:** Examples include actions by an organization that harm the environment, such as improper disposal of waste, pollution, or practices that contribute to ecological degradation.
- **Discrimination or Harassment:** Examples include unfair treatment or hostile behaviour toward individuals based on attributes like race, gender, or religion, creating a toxic and unequal workplace environment.
- **Matters not covered under the Whistleblowing Policy:** The Policy is specifically designed to safeguard the Bank against financial and reputational risks. Consequently, it is not meant for addressing human resource-related concerns, such as compensation, promotion, appraisals, or personal and professional disputes among staff. These types of matters should be appropriately addressed through the processes outlined in other relevant policies.

4. Whistleblowing Escalation Procedures

4.1. How and to whom a concern should be raised?

4.1.1. First Option

- a. The initial reporting can be done to the Head of Compliance of the Bank.
- b. The initial reporting can be verbal or in writing.
- c. Based on the advice of the Head of Compliance, the same must be documented via email or post or in-person delivery of the document, if the initial reporting was verbal.
- d. The following details must be provided:
 - i. Type of Malpractice
 - ii. Person(s) involved
 - iii. Any evidence (if available)
- e. The matter may be reported by the following means:
 - i. Handover the report to the Head of Compliance
 - ii. Send an email to whistleblow@esterad-bank.com
 - iii. Send it by post addressed to: The Head of Compliance.

4.1.2. Second Option

If the employee thinks the above-mentioned channel is not suitable or has used the above-mentioned channels and still has concerns, or the matter is so serious that the employee cannot discuss it with the Head of Compliance, the whistleblower can contact the ARC members by sending an email to whistleblow.ARC@esterad-bank.com. The whistleblower can raise material concerns to the CBB, provided the whistleblower is acting in good faith and have reasonable evidence to back up his/her concern.

4.1.3. Internal Audit

If an employee is unsure about how or whether to use this procedure at any stage, he/she may contact the Internal Audit to provide them with confidential advice on how to raise a concern.

In addition, the Chairperson of the ARC may request the Internal Audit to inquire into the allegation raised by the whistleblower, such that he/she can establish facts to his/her full satisfaction and he/she will inform and involve other Bank staff on a 'need to know' basis to the extent necessary to successfully investigate the allegation.

The Internal Audit will keep the ARC advised of the outcome of the investigations and any other executive who will be involved in determining the suitable remedial action, including any disciplinary action, as it may be deemed necessary.

4.2. Processing of Whistleblowing Incident

Once the concerned authorities are alerted of the employee concern internally, the Bank shall look into it to assess the course of action that should be taken. Preliminary enquiries will then be made as confidentially as possible. If it is determined that further investigation is necessary, the case may be even referred to the relevant external body depending upon the nature and the seriousness of the incident reported. The final investigation report will be submitted to the Head of Internal Audit for review and validation, before being submitted to the ARC or directly to the Board if it is decided so, by the ARC.

Where an employee is found to be involved in any wrongdoing, they will be dealt with in accordance with employment law, or any other applicable law.

4.3. Feedback on Concerns Raised Under the Policy

On receipt of the 'Whistleblowing Incident, the Head of Compliance will provide an acknowledgement email. In case the incident is reported directly to the ARC, the Chairman will either himself or ask suitable management personnel to respond to the whistleblower with acknowledgement. The Bank shall inform the individual who has raised the concern about who is handling the matter, how you can contact them and, whether your further assistance is required.

The Bank shall give written feedback where possible at the conclusion of the internal inquiry, investigation or other action, however, there may be limitations on providing detailed feedback due to the sensitivity of the matter or other constraints such as legal restrictions.

4.4. Protecting the Whistleblower

Any individual who in good faith reports any violation as a whistleblower will be protected by the Bank. The Bank will not discharge, demote, threaten, harass or retaliate against such an individual and will take appropriate actions to protect the whistleblower. If the whistleblower notices that it has affected them adversely in any way, he/she has the right to make representations to Board Audit & Risk Committee, who will consider the claim and make a determination on a case-by-case basis. Each decision will be deemed to be final.

4.5. Untrue or False Allegations

While reporting an incident, the whistleblower should take every care to ensure the accuracy of the information and ensure that they have understood the facts thoroughly. Even if the incident is not proven,

it may carry a degree of reputational damage for the person to whom the reported incident relates to, which can be difficult to reverse. Employees are encouraged therefore to follow the highest ethical standards and to be as certain as they can be before reporting an incident. If an employee makes an allegation in good faith that is later found to be unsubstantiated, no action will be taken against them.

However, if an employee knowingly makes malicious or baseless allegations and continues to do so, appropriate disciplinary action may be taken following a thorough investigation.

4.6. Anonymity and Confidentiality

It is understood that disclosure made under this Policy may involve highly confidential and sensitive matters and that an employee may prefer to make an anonymous disclosure. However, the Bank actively encourages the employees to disclose their names and contact details when they report an incident because this adds credibility to the complaint. Anonymity makes it difficult to investigate the concern and impossible to liaise with the whistleblower to seek clarification or more information, as may be required.

The Bank shall assure the utmost discretion of whistleblowing and therefore undertakes to treat all whistleblowing reports as confidential. The Bank will respect and protect the confidentiality of the whistleblower and provides the assurance that it will not reveal the identity of the whistleblower to any third party. The only exception to this assurance relates to an overriding legal obligation to breach confidentiality.

The Bank gives the assurance that all complaints will be treated as high confidential and received through secure channels.