مصرف الرافدين

Rafidain Bank

Anti Bribery and Corruption Policy

AML Manual

Policies and Procedures

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1 Introduction

The bank's Policies and Procedures are established in accordance with the requirements of the FC Module of the CBB Rulebook Volume No.1, which was first issued in July 2004 and applies to all Conventional Bank Licensees. The FC module is a comprehensive framework aimed at combating money laundering and terrorist financing and outlines the Bank's commitment to prohibit the practice of bribery and the act of corruption within the Bank.

2 Policy Statement

Rafidain Bank - Bahrain (bank) is committed to the highest standards of Anti-Money Laundering (AML) Compliance and Counter Terrorism Financing (CFT). Policy is applicable to all staff throughout the bank. This is inclusive of members of the board, management, advisors, agents, brokers, consultants, contractors, intermediaries, introducers, representatives, stakeholders, suppliers and joint venture entities with whom the bank works. All are required to adhere to these standards in order to prevent the use of bank products and services from being abused for money laundering and other illegal purposes.

Objective: Clearly state the bank's commitment to zero tolerance toward bribery and corruption in all its dealings, whether domestic or international.
Scope: Define that this policy applies to all employees, directors, agents, consultants, contractors, and third parties who act on behalf of the bank.
Commitment: The bank is committed to complying with local Bahraini laws (such as the Bahrain Penal Code, Law No. 7 of 2001) and international standards.

3 Laws and Regulations

The applicable Anti-Money Laundering laws and regulations in Bahrain include (but are not limited to) the following:

- Decree Law No. 4 of 2001 with Respect to the Prevention and Prohibition of the Laundering of Money
- Decree Law No. 54 of 2006 amending certain provisions of Legislative Decree No. 4 of 2001 with Respect to the Prevention and Prohibition of the Laundering of Money
- Decree Law no 25 of 2013 amending certain provisions of legislative decree law no 4 of 2001 with Respect to the Prevention and Prohibition of the Laundering of Money
- Decree Law no 36 of 2017 amending article 3 of decree law no 4 of 2001 with Respect to the Prevention and Prohibition of the Laundering of Money
- Decree Law No. 58 of 2006 with Respect to the Protection of Society from Terrorism Activities
- Ministerial Order No. 7 of 2001 with respect to the obligations governing institutions concerning the prohibition and combating of money laundering
- Ministerial Resolution No. 1 of 2004 on Directives Relating to the Prevention and Prohibition of Money Laundering at the Bahrain Stock Exchange (Bahrain Bourse)
- Decree Law No. 15 of 1976 concerning the Penal Code with Respect to Anti-Bribery and Corruption (Article 186)
- Decree Law No. 1 of 2013 amending some provisions of Decree Law No. 15 of 1976 concerning the Penal Code with Respect to Anti-Bribery and Corruption (Article 418)

4 Definitions

Terminology	Definition
Bribery	Providing or receiving an undue advantage (often in the form of money or gifts) to influence a decision improperly.
Corruption	The abuse of entrusted power for private gain, which can involve bribery, kickbacks, extortion, etc.
Facilitation Payments	Payments made to expedite routine government actions (prohibited under this policy).
Gifts and Hospitality	Clarify acceptable forms of gifts or entertainment and their limits.

5 Key principles

1. Prohibition of Bribery: It is strictly prohibited for any employee, or third party associated with Rafidain Bank – Bahrain to offer, give, solicit, or receive any form of bribe, whether monetary or non-monetary, directly or indirectly, in the course of their duties. Any such conduct will result in disciplinary actions, up to and including termination, and may result in legal consequences.
2. Facilitation Payments: Facilitation payments are strictly prohibited under this policy. All employees and representatives of Rafidain Bank – Bahrain are required to reject any such payments and report any instances to the Compliance Department.
3. Gifts and Hospitality: Clear thresholds for acceptable gifts and entertainment should be defined. For instance, anything exceeding a certain value must be reported and approved.

6 Due Diligence

Enhanced customer due diligence must be performed in line with the FC module of CBB rulebook volume 1 on those customers identified as having a higher risk profile, and additional inquiries made, or obtained in respect of those customers along with senior management approval, based on the following methodologies:

1. Risk-Based Approach: Regular assessments of high-risk areas, including countries or sectors where bribery and corruption risks are elevated (e.g., high-risk jurisdictions flagged by FATF).
2. Ongoing Monitoring: Regular internal audits and reviews of ABC compliance should be in place, alongside transaction monitoring that flags any suspicious behavior or payments.

7 Employee Training and Awareness

All employees are required to complete mandatory anti-bribery and corruption training on a regular basis. Training will ensure that all employees understand their obligations under this policy and the legal implications of non-compliance.

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8 Reporting and Consequences

Employees are encouraged to report any suspected cases of bribery or corruption through Rafidain Bank - Bahrain confidential reporting mechanism. The bank is committed to protecting whistleblowers from retaliation or any form of adverse treatment as a result of raising concerns in good faith.

9 Disciplinary Action

Any violation of this Anti-Bribery and Corruption Policy will result in disciplinary action, up to and including termination of employment or contract, and may be reported to regulatory or law enforcement agencies where appropriate.

10 Governance and Responsibilities

The Board of Directors and senior management of Rafidain Bank - Bahrain are responsible for overseeing the implementation and enforcement of this policy. The Compliance Department will ensure continuous monitoring and provide regular reports on the effectiveness of the policy.

11 Regulatory Compliance

Rafidain Bank - Bahrain will comply with all relevant local and international anti-bribery and anti-corruption laws, including but not limited to Bahrain's National Anti-Corruption Strategy, the Central Bank of Bahrain (CBB) Rulebook, the United Nations Convention Against Corruption (UNCAC).

12 Responsibilities of the Compliance Department

The Compliance Department is responsible for conducting an annual risk assessment to identify the inherent risks of bribery and corruption within the Bank's operations and to evaluate the effectiveness of the Bank's internal controls in mitigating these risks. This assessment shall consider potential liabilities created by intermediaries and third parties, such as agents, consultants, and vendors. Additionally, the assessment will analyze corruption risks associated with the countries and industries in which the Bank conducts business, transactions with government-owned or state-controlled entities, and the activities of the Bank's branches, subsidiaries, and affiliates to ensure they adhere to the Anti-Bribery and Corruption Policy in all jurisdictions. Further, the risk assessment shall consider the risks associated with gifts, entertainment, charitable donations, political contributions, and any changes in business activities or strategies that may materially increase the Bank's exposure to bribery and corruption.

The Compliance Department shall be responsible for reviewing the Bank's adherence to this Policy through continuous monitoring and testing. This will include reviewing expense reimbursements to ensure they are compliant with the Policy, monitoring gifts and entertainment to verify compliance with defined thresholds and reporting protocols and evaluating charitable donations and sponsorships to ensure they are transparent, justified, and not used as a means of bribery. Furthermore, political contributions shall be closely monitored to ensure they comply with all applicable legal and regulatory requirements.

In coordination with the Risk Department, the Compliance Department will ensure that adequate and effective controls are in place to mitigate any legal, financial, or reputational risks posed by certain customers, third-party engagements, or high-risk transactions. These controls will include enhanced due diligence processes for high-risk customers and transactions, as well as regular updates to the control framework in response to identified risks.

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The Compliance Department shall also be responsible for maintaining accurate and comprehensive records of all relevant transactions and due diligence processes, ensuring that these records are readily accessible for internal audit and external regulatory review. Regular coordination with the Legal Department and Internal Audit will ensure that compliance with the Anti-Bribery and Corruption Policy is systematically monitored and enforced.

13 Policy Review

This Anti-Bribery and Corruption Policy will be reviewed at least annually to ensure it remains current with applicable laws and regulations and reflects best practices in the prevention of bribery and corruption.

If any employee 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 Country Compliance Manager (employees and third parties) or through the Whistleblower mechanism.

- Please refer to the Whistleblowing Policy to read more about how to raise a complaint.
- The Country Compliance Manager can be reached using any of the following secure channels:
  Mr. Mohamed Jasim
  Country Compliance Manager and MLRO
  Phone: +973 17275796 EXT 125
  Email: m.jasim@rafidainbank.bh

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