

# **UNITED GULF BANK BSC (C)**



## **Whistleblowing Policy**

Date of last review: November 2023

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**WHISTLEBLOWING POLICY****1. Introduction**

The High Level Controls Module (Module HC) of the Central Bank of Bahrain's (CBB) rulebook, require the Board of Directors to have oversight and adopt a 'whistleblower' program under which employees, vendors, customers, shareholders and other stakeholders can confidentially raise concerns about possible improprieties in financial, legal or other inappropriate activities. All whistleblowers, including employees are encouraged and given the ability to communicate confidentially and without the fear of reprisal, legitimate concerns of which they are aware of, which are related to the Bank or its Directors or employees of the Bank.<sup>1</sup>

UGB defines whistleblowing as *'alerting the Bank authorities that an individual or group of individuals have committed or are going to commit practices and/or misconduct that are considered to be illegal, questionable, unethical and improper.'* By escalating these potential issues, the Bank will be made aware of these concerns and is alerted that its interests and the interests of stakeholders are being compromised or at the risk of being harmed.

This Policy is not designed to question legitimate financial, or business decisions taken by the Bank. Nor should it be used to reconsider any matters which have already been addressed under grievance, complaints, and disputes policies.

This policy will be interpreted in conjunction with the Bank's Code of Conduct and it is important that all employees and stakeholders become familiar with both the 'Whistle Blowing Policy' and the Bank's 'Code of Conduct' before proceeding with raising a compliant.

The contents of this policy are aimed at:

- Encouraging timely reporting of alleged malpractices/misconduct.
- Providing a means for discreet and confidential channel for escalation of concerns without fear of reprisal.
- Ensuring that whistleblowers are protected against any adverse action or damage that may result from the reporting of such malpractices.
- Ensuring consistent and timely institutional response to reported improprieties.
- Ensuring appropriate oversight by the Board of Directors / Regulators
- Serving as a means of preventing and deterring misconduct that may be contemplated but has not yet taken place.
- Protecting the rights of the Bank and that of its shareholders.

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<sup>1</sup> HC-1.2.3

## 2. Objective

This document aims to communicate the Bank's written, formal whistle-blowing policy, consisting of responsible and effective procedures for disclosure or reporting of misconduct and impropriety so that appropriate remedial action can be taken if concerns are deemed legitimate.

It is approved by the Board of Directors and will be reviewed once in two years.

## 3. Who is responsible for the implementation of this policy?

The Board of Directors has delegated the overall responsibility for monitoring and reviewing the operations of the policy and any recommendations for action resulting from investigations to UGB's Board Audit Committee (BAC). BAC members:

1. Have oversight of the whistleblowing policy mechanism and ensure that senior management address legitimate issues that are raised;
2. Take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals and that their rights are not undermined;
3. Approve and oversee how and by whom legitimate material concerns shall be investigated and addressed and
4. 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<sup>2</sup>.

The day to day responsibility for overseeing and implementing the policy has been delegated to the Bank's Chief Audit Executive and the Chief Compliance Officer (Designated Officials).

## 4. Who can blow the whistle?

Any individual who has observed reportable misconduct (as defined in the next section), can report his / her concerns to designated parties within the Bank. The Board of Directors and the Board Audit Committee give assurance that employees, stakeholders, or any member of the public can raise legitimate concerns, **without fear of reprisals provided they were made in good faith**. All concerned parties are encouraged to take steps to disclose any wrongdoing or malpractice of which they become aware as non action/ concealment will be deemed as complicity. Any

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<sup>2</sup> HC 1.2.3

queries about the content or application of this policy should be made to the Chief Audit Executive / Chief Compliance Officer.

**5. What constitutes malpractice or misconduct?**

A genuine concern should be reported if there are reasonable grounds for believing that:

**5.1 Illegal or unlawful conduct**

Conduct may be illegal or unlawful in terms of the laws of countries and international law. Examples of these are civil and/or criminal offences related to theft, fraud, tax evasion corruption, bribery or money laundering and miscarriage of justice, as these instances are in breach of legal duties and therefore constitute reportable misconduct.

**5.2 Financial misconduct**

This involves conduct by individuals that clearly violate procedures approved by the Board of Directors regarding the governing of operations within UGB. Examples of these are unacceptable practices related to accounting treatments and controls, financial reporting, auditing matters, the transfer of funds to recipients, non approved recipient accounts etc. Financial improprieties and breach of the internal policies of UGB also fall under this category.

**5.3 Unethical misconduct**

Conduct may be unethical since it undermines universal, core ethical values, such as integrity, respect, honesty, responsibility, accountability and lack of conflict of interest. It also includes violation of UGB's code of conduct, personal interest, danger to the health or safety of UGB's employees, damage to the environment and deliberate cover-up of information tending to show circumstances of misconduct. The whistleblower is also encouraged to report any facts that prejudice the integrity of UGB such that it is in breach of its regulatory obligations under the CBB, the Ministry of Industry, Commerce and Tourism or other regulators in jurisdictions where the Bank operates in.

**5.4 Wasteful misconduct**

Conduct constituting a gross waste or misappropriation of resources is a reportable category in its own right, since it is the Board's ultimate responsibility to ensure responsible stewardship such that an adequate, effective, comprehensive and transparent corporate governance process is in place. All physical and financial

assets of UGB will be used prudently and efficiently in the interests of UGB's shareholders and stakeholders.

## 6. Anonymity and Confidentiality

UGB wishes to assure the utmost discretion of whistle-blowing, and therefore undertakes to treat all whistle-blowing reports as either confidential or anonymous. Any personal data/ sensitive information provided by the whistle-blower will be kept confidential in accordance with the Privacy Policy signed by Employees of the Bank. This is in line with the requirements of the Personal Data Protection Law No. 30 of 2018 (Act No. 30 of 2018) of the Kingdom of Bahrain.

*The whistleblower has the choice of determining whether he / she wishes to disclose his/her name in the report or alternatively submitting it anonymously.* The whistleblower has to clearly understand that he / she is a reporting party and is not an investigator or a fact finder. It is reiterated that whistleblowers need not fear any reprisal from the Bank for the reporting of legitimate allegations.

### 6.1 Confidential whistle-blowing

A whistle-blower is encouraged *to reveal his or her identity* when a report or disclosure is made because this adds credibility to the complaint. Should this be the case, UGB will respect and protect the confidentiality of the whistle-blower and provide the assurance that it will not reveal the identity of the whistle-blower to any third party. The only exception to this assurance relates to an overriding legal obligation which requires the Bank to share data if ordered to do so by a regulator or the Court of Law. This is also in accordance with Article 7 of the Personal Data Protection Law (PDPL) (Act No. 30 of 2018) of the Kingdom of Bahrain. Employees' identities will not be disclosed without prior consent. Where concerns are unable to be resolved without revealing the identity of the employee raising the concern, (e.g., if their evidence is required in court), the Bank will enter into a dialogue with the employee concerned as to whether and, how the matter can be taken up.

### 6.2 Anonymous whistle-blowing

As opposed to confidential reporting, *a whistle-blower may choose not to reveal his or her identity*. The anonymous whistle-blower should be careful not to reveal his or her identity to a third party. By setting up the necessary procedures safeguarding confidentiality and offering anonymity, the interests of the whistle-blower are protected from possible harassment or victimization by those accused of misconduct. UGB gives the assurance that all anonymous tips will be received through a secure email address that is accessed only by designated parties set up in a way that ensures electronic reporting is non-traceable. Data confidentiality and

privacy will be preserved unless disclosure is required by regulators or the courts of law.<sup>3</sup>

### **6.3 How should a tip be reported?**

Whistleblowers can raise their concerns to the designated authorities either orally or in writing using the Form in Appendix A. The form is available under the Corporate Governance section on UGB's website [www.ugbbh.com](http://www.ugbbh.com). The form can be filled out and sent through a secure email address [auditcompliance@ugbbah.com](mailto:auditcompliance@ugbbah.com).

Verbal concerns can be communicated to the Chief Compliance Officer on +973 17 532688 and or the Chief Audit Executive on +973 17 530133.

If the raised issue is 'confidential' (i.e. the identity of the whistleblower is made known to the above designated parties), the first step would be to ensure that the employee or stakeholder is aware of UGB's whistle-blowing policy. The CCO / Chief Audit Executive may ask the whistleblower whether any personal interest is vested in the matter. It is essential that the whistleblower is upfront and discloses all facts and information to these officials so that the CCO and the Chief Audit Executive can ascertain the credibility and validity of the allegation.

In all cases of whistleblowing, i.e. confidential or anonymous, the CCO & the CAE will jointly review all facts and information upon receipt of the valid allegation. Steps will be taken to co-ordinate resources and expertise for a timely and thorough investigation of all facts. It should be noted that this may involve the assistance of members of the Internal Audit Team, Information Technology team and or external specialized parties. It is reiterated that data confidentiality and privacy will be preserved unless disclosure is required by regulators or the courts of law.<sup>4</sup>

A preliminary report detailing the facts of the allegation will be presented to the CEO within 5 working days of receiving such a disclosure / anonymous tip. Unless required for the investigation, all contact with the "Whistle Blower" will cease in order to protect the confidentiality of his/her identity and prevent inadvertent disclosure of details. Furthermore, the parties accused will not be involved at any point during the investigation.

After the investigation is concluded, a final report will be submitted by the CCO & the CAE to the BAC with a copy to the CEO. The responsibility for monitoring and reviewing the progress of the investigation lies with the BAC. The Investigative

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<sup>3</sup> PB-1.1.4, BC 3.1.1

<sup>4</sup> PB-1.1.4, BC 3.1.1



report will include recommendations for action from the Compliance / Audit Departments and its investigation team, to enable the Bank to minimize the risk of the recurrence of any malpractice or impropriety and address potential control lapses. The BAC will be responsible for reviewing these recommendations; it has the authority to escalate material concerns to the CBB or other external regulatory authorities if warranted.<sup>5</sup>

In extreme cases if the CCO or the CAE or the CEO are thought to be complicit in the alleged misconduct, whistleblowers can report it directly to the Chairman of the BAC who is an independent director of the Board through mail addressed as follows:

***The Chairman of the Board Audit Committee  
United Gulf Bank B.S.C. (Closed)  
UGB Tower, Diplomatic Area  
PO Box 5964  
Manama, Kingdom of Bahrain.***

Such mail should be marked as Private and Confidential, so that it can be opened only by the Chairman of the BAC.

## **7. Unfounded Allegations and Disciplinary Actions**

Irrespective of whether allegations made in good faith are subsequently proved to be false the Bank will not take any action against the individual who raised the concern as part of the Whistle Blower policy and procedure. UGB will not tolerate the harassment or victimization of anyone who raises a genuine concern. Where subsequent harassment or victimization is proved, UGB will deal with any such occurrences under its Human Resources policy on disciplinary action.

However, in cases where an employee/stake holder is found to maliciously raise an allegation which they know to be false, the individual will be subject to appropriate disciplinary action including but not limited to suspension, termination and libel lawsuits. UGB treats false and malicious allegations very seriously. Any such disciplinary action or redress is subject to review by the Board Audit Committee.

The BAC also has the responsibility to ensure that the person responsible for any misconduct is held accountable and is subjected to an appropriate disciplinary measures.<sup>6</sup> This includes termination from the Board of Directors, employment of the Bank, filing police complaints and in the extreme event, initiating legal lawsuits.,

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<sup>5</sup> HC 1.2.2

<sup>6</sup> HC 1.2.3 - d



in line with the tenets of the Commercial Companies Law, the Code of Conduct and the Bank's Human Resources policy.



**Appendix A**  
**Whistleblowers' Form**

Date \_\_\_\_\_

1. Which of the following classifications best represents the alleged misuse, fraud or abuse?

**Illegal or unlawful conduct**

- ☐ Embezzlement, misuse of funds, assets
- ☐ Cash, Kickbacks, bribes, extortion, forgery
- ☐ Violation of laws and regulations

**Financial misconduct**

- ☐ Incorrect accounting treatments, false financial reporting, false certifications
- ☐ Fraudulent remittances, transfer of funds
- ☐ Market abuse, insider trading,

**Unethical misconduct**

- ☐ Violation of code of conduct, conflicts of interest, ethics violation
- ☐ Danger to health or safety of UGB's employees, damage to the environment
- ☐ Deliberate cover up of information

**Wasteful Misconduct**

- ☐ Misappropriation of resources
- ☐ Favoritism to incompetent vendors
- ☐ Actions detrimental to the interests of the Bank.

Please state the names(s) of the individual (s) involved in the alleged activity

2. Has the activity that you wish to complain about, been reported to any other person?

☐ No ☐ Yes (If yes, then to whom and when)?



4. Provide details concerning the alleged activity. Attach additional pages if necessary

5. How does the Whistleblower wish to be identified?

☐ Anonymous

☐ Confidential

☐ No restriction

Whistleblower's information (optional)

Name :

Address

Phone :

Email:

Email this form to

[auditcompliance@ubgbah.com](mailto:auditcompliance@ubgbah.com) or

**Mail it to**

The Chief Audit Executive

The Chief Compliance Officer

United Gulf Bank B.S.C.

PO Box 5964, UGB Tower

Diplomatic Area, Manama,

Kingdom of Bahrain

## APPENDIX A

### GLOSSARY OF TERMS AND DEFINITIONS

The words and phrases in this document related to the 'Whistle-blowing Policy' will have the meaning ascribed to them as mentioned below:

Bank, UGB	United Gulf Bank B.S.C. (c)
Board / BOD	The Board of Directors of United Gulf Bank B.S.C. (c)
BAC	Board Audit Committee
Chairman	Chairman of the Board Audit Committee
Designated Officials	The Chief Audit Executive (CAE) and the Chief Compliance Officer (CCO)
External Authority	The Central Bank of Bahrain and/or any other regulatory authority in the Kingdom of Bahrain.
Personal Interest	<p>A person is considered to have a 'personal interest' in a transaction with the company if:</p> <p>He himself, or</p> <p style="padding-left: 40px;">A member of his family (i.e. spouse, father, mother, sons, daughters, brothers or sisters), or</p> <p style="padding-left: 40px;">Another company of which he is a director or controlling shareholder,</p> <p>is a party to the transaction or has a material financial interest in the transaction. The Board of Directors of UGB defines a threshold of US\$ 100,000 and above to be 'material'.</p>
Whistle-blower	<p>Alerting UGB that a person or organization has done or is doing something wrong in terms of :</p> <p>Illegal or unlawful conduct</p> <p>Financial misconduct</p> <p>Unethical misconduct</p> <p>Wasteful misconduct</p>

### Version Control

Date of last review: November 2023

Date of Current Review: 31 July 2025

Version #	Date Issued	Date of Board Approval	Originator/ Modified By	Reason for Issue / Re-Issue
1	October 2011	9 October 2011	Compliance	Implementation of Code of Corporate Governance & Module HC
2	February 2014	24 February 2014	Compliance	General Review Process undertaken once in two years
3	April 2016	10 August 2016	Compliance	General Review Process undertaken once in two years
4	July 2018	1 August 2018	Compliance	General Review Process undertaken once in two years
5.	February 2021	28 May 2021	Compliance	Addition of data protection clauses related to Bahrain's Personal Data Protection Law No. 30 of 2018 of the Kingdom of Bahrain (PDPL, the Law).
6	November 2023	13 November 2023	Compliance	<ul style="list-style-type: none"> <li>• Review in line with the revised rules of Module HC.</li> <li>• Emphasis on the authority of BAC to be responsible for the whistleblowing program and giving them the authority for the BAC to escalate material concerns to the CBB</li> <li>• Reiteration of stakeholders being able to raise their concerns without fear of reprisals.</li> <li>• Clarity on disciplinary measures added.</li> </ul>
7	July 2025		Compliance	General Review Process undertaken once in two years; <a href="#">footnotes have been checked to ensure that the correct CBB rule references have been incorporated.</a>