

البنك  
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Banque  
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Fransi



## | Conflict of Interest Policy

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## Table of Abbreviations

S. No.	Abbreviation	Expansion
1	BoD	Board of Directors
2	CGD	Corporate Governance Division
3	CMA	Capital Market Authority
4	CPG	Compliance Group
5	HRG	Human Resource Group
6	LGG	Legal and Governance Group
7	SAMA	Saudi Central Bank
8	DoA	Delegation of Authority Manual

# 1. Introduction

## 1.1. Document Authorization Control Sheet

<b>Document Type</b>	Policy
<b>Document Title</b>	Conflict of Interest Policy
<b>Version</b>	3 (English)
<b>Document Reference</b>	
<b>Date</b>	April 1, 2024
<b>Policy Custodian</b>	Corporate Governance Division “CGD”
<b>Policy Owner</b>	Corporate Governance Division “CGD”

## 1.2. Document Approval Record

Version	Approval Date	Description of Changes
1.0	April 20, 2017	New Policy
2.0	March 27, 2019	Comprehensive review to incorporate all regulatory & legal requirements and meet best practices
2.1	1-11-2020	General Periodic Review.
2.2	November 30, 2021	Review to reflect updated SAMA governance principles
3	April 1, 2024	Changes based on the companies law & implementing regulations.

## 1.3. Review, Update & Maintenance

- 1.3.1 The authority to amend this Policy rests with the Board of Directors (BoD);
- 1.3.2 Any amendment to this document shall be as per procedure set out in the DoA Manual; and
- 1.3.3 The minimum frequency for reviewing this Policy is two (2) years. However, the Policy must be reviewed / updated earlier if required. CGD is responsible for ensuring that this document is reviewed & approved as required.

## 1.4. Policy Implementation & Disclosure

- 1.4.1 BSF shall commit to this Policy, which shall be implemented from the date of its approval, and shall be duly disclosed to the concerned parties in accordance with the disclosure requirements issued by the relevant regulators.

## 2. Applicability and Statement of Commitment

### 2.1. Applicability

This Policy applies to the BoD, Board Committee members and all BSF employees.

### 2.2. Statement of Commitment

BSF and its Board recognizes the importance of the proper management and oversight of actual and potential conflicts of interest between Board of Director, Board Committee members and employees with the Bank and its customers. This includes the establishment of this Policy and the guidelines contained.

## 3. Laws, Regulations, Related Policies & Supporting Procedures

### 3.1 Laws & Regulations

A fundamental aspect of this Policy is ensuring compliance with all laws such as SAMA and other regulatory requirements.

Key laws and regulations include:

Law/Regulation	Authority
Companies Law	MC
Capital Markets Law	CMA
Corporate Governance Regulations	CMA
The Key Principles of Governance in Financial Institutions under the supervision and control of the Saudi Central Bank	SAMA
Rules on the Offer of Securities and Continuing Obligations	CMA
Implementing Regulation of the Companies Law for Listed Joint Stock Companies	CMA

### 3.2 Related Policies

There are various other BSF policies that are related to this Policy. This Policy should be read in conjunction with such other policies. The key related policies include, but are not limited to:

Policy
Board Charter
Board Committees Charters
Compliance Policy
Related Party Transactions Policy
Transparency and Disclosure Policy
Code of Conduct for Board & Board Committees
Corporate Governance Manual
Whistleblowing Policy
BSF Code of Conduct
Human Resources Policy
Outsourcing Policy
Credit Policy
Control of Inside Information Policy
Procurement Policy

### 3.3 Supporting Procedures and Requirements

This Policy is not intended as a procedure document. Where this Policy document includes procedural information, it is because it has been deemed that such information is relevant to an understanding of the underlying Policy. As such, knowledge of this Policy is not a substitute for relevant individual having a detailed understanding of the procedures relevant to their role.

The key procedures implemented to support compliance with this Policy include, but are not limited to:

Procedure
Board Procedures as included in Board Charter
Board Committee Procedures as included in the Charters of the Board Committees
Related Party Transactions Procedures

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## | Conflict of Interest Policy for Board & Board Committees



## 4. Purpose

The purpose of this document is to set out Banque Saudi Fransi's ("BSF" or the "Bank") key ethical principles and policies that BoD and Board Committees are expected to adhere to in relation to the avoidance of conflicts of interest with respect to their duties and activities with BSF and/or its customers.

The above purpose seeks to:

- a) Endorse and promote BSF's commitment to honest and ethical conduct, including fair dealing and ethical handling of conflicts of interest;
- b) Promote compliance with applicable laws and regulations;
- c) Ensure obtaining the necessary and appropriate approvals in the event of a conflict of interest;
- d) Ensure the obligation to disclose cases that may lead to a conflict of interest or when such conflict occurs;
- e) Ensure the protection of BSF business interests, including corporate opportunities, assets and confidential information; and
- f) Act as a deterrent for wrongdoing.

This document is intended as a statement of BSF policy. It is not a procedure document, although certain procedures may be included where these are pertinent to a better understanding of the Policy.

## 5. Policy

### 5.1 Policy Statement

It is BSF's policy that Board and Board Committee members, are required to act in a manner in which conflicts of interest are avoided and act at all times objectively with the highest ethical standards in the interest of BSF.

### 5.2 BSF Policy Principles

The high-level principles applied by BSF in respect of this Policy are as follows:

- a) Each member of the Board and the Board Committee Members shall perform his/her duties of loyalty and care to the Bank, undertake the measures that may protect the Bank's interests and contribute to its development and increase its value, and shall, at all times, prioritise the Bank's interests over his/her own interests;
- b) The Board and Board Committee members are expected to act with high degrees of integrity and independence and be committed to principles of truth, honesty and loyalty;
- c) The Board and Board Committee members are expected to not use their position to achieve personal interests & should disclose related information prior to executing any contract or deal with BSF or its subsidiaries;
- d) BSF is committed to a framework in which conflicts of interest can be appropriately avoided or managed;

- e) The Board and Board Committee members shall represent all shareholders of the Bank and take all actions to achieve the best interests of the Bank and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected them;
- f) Entrench among the Board and Board Committee members the principle of compliance with all relevant laws, regulations and instructions;
- g) Preventing the Board and Board Committee members from abusing their positions with the aim of achieving benefits for themselves or a third party;
- h) Ensuring that the Bank's assets and resources are only used to achieve the Bank's purposes and objectives, and not to achieve personal interests;
- i) Informing Board and Board Committee members, substantial shareholders, senior executives and other employees of the Bank of the importance of avoiding situations that may lead to a conflict between their interests and the interests of the Bank, and dealing with them in accordance with the provisions of the Companies Law and Its Implementing Regulations;
- j) The Board and Board Committee members should follow the procedures for disclosing conflicts of interest prior to commencing the activities that may lead to such conflicts and obtaining authorisation or the requisite approval; and
- k) The Board and Board committee member shall protect the confidentiality of the information related to BSF and its activities, and not disclose any of such information to any person.

## 5.3 Policy Details

The following sets out, in more detail, policy requirements covering the Policy Statement and BSF Policy Principles outlined above.

### 5.3.1 Related Party Transactions

The Board of Directors has adopted clear policies & procedures when the Bank contracts or enters into a transaction with a Related Party, which includes notifying the CMA, SAMA and the public without any delay of that contract or transaction if it equals to or exceeds 1% of the Bank's total revenues according to the last annual audited financial statements.

Related Party Transactions are complex and heavily regulated. They are the subject of BSF's Related Party Transaction Policy, which each Board and Committee member must familiarize themselves with.

BSF's policy on Related Party Transaction is set out in more detail in its **Related Party Transactions Policy**.

### 5.3.2 Conflicts Generally

Over and above the specific requirements for Related Party Transactions described above, Board and Board Committee members should seek to avoid personal or other interests that may, in anyway conflict with their obligations or duties to BSF. In particular:

- a) A member of the Board of Directors shall not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the Bank, without authorisation from the ordinary General

Assembly to be renewed annually;

- b) A Board member must inform the Board of Directors immediately of any direct or indirect interest he/she may have in the transactions or contracts made for the account of BSF & should ensure the fairness of such interest & that its conducted for the benefit of BSF and its stakeholders. Such declaration must be recorded in the minutes of the Board meeting;
- c) A Board and Board committee member shall avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board. The Board shall not allow such member to be involved in deliberations and shall not count his/her vote when voting on such matters in the Board and the Shareholders Assemblies meetings;
- d) The Board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board members has direct or indirect interest; the notice shall be accompanied with a special report from the external auditor in accordance with auditing standards approved in the Kingdom;
- e) A Board member may not, without authorisation renewed annually from the Ordinary General Assembly and in accordance with the applied conditions by the competent authorities (CMA & SAMA) engage in any act or business that may compete with BSF, or with any of its activities; otherwise, BSF shall have the right to petition the competent judicial authority to claim appropriate damages;
- f) All Board and Board Committee members are expected to comply with the general principle of avoiding situations or interests that may reasonably be expected to be adverse to the interests of BSF or its customers or otherwise may make it difficult for such Board or Committee member to perform his or her duties objectively and effectively (for example due to a person or family relationship with an individual);
- g) Each Board and Board committee member is prohibited from: misusing or benefitting, directly or indirectly, from any of the BSF's assets, information or investment opportunities presented to BSF or to him in his/her capacity as a member of the Board or its Board Committees. This includes investment opportunities which are within the activities of BSF, or which BSF wishes to make use of. Such prohibition shall extend to members who resigns to, directly or indirectly, use investment opportunities that BSF wishes to use, which came to his/her knowledge during his/her membership;
- h) A member may not occupy the membership of the board of directors of more than five joint stock companies listed on the market at the same time, and in the event of a conflict of interest, the member shall ensure complying with the regulatory requirements for cases of conflict of interest mentioned in this policy.
- i) Awarding outsourcing contracts is free from any conflict of interest. The Bank must declare to SAMA any affiliation or relationship with the third-party service provider.

### 5.3.3 Duty of Disclosure

Where a Board or Committee member has potential conflict of interest, such member must disclose such potential conflict in writing as soon as reasonably practicable to the Chairman of the Board or relevant Committee as applicable. If necessary, such conflict shall be raised to the Board for formal discussion and agreement on an appropriate course of action.

As guidance when considering whether a conflict of interest exists, Board and Committee should consider the following:

- a) Is the relationship or situation such that it may embarrass BSF or me if it became known generally?

- b) Would I be reluctant to disclose this relationship or situation to the Board?
- c) Does the relationship or situation incentivize me, in any way, to act in a way that I would not otherwise act if the relationship or situation did not exist?
- d) Does the relationship or situation, directly or indirectly, benefit me or anyone related to me in circumstances that would encourage me to act in a particular way?

If the answer to any of the above questions is yes, it is possible that a conflict of interest may exist and the situation should be avoided if possible. Where it is not possible to avoid the situation, it shall be disclosed in writing as described above.

BSF's policy on disclosure is set out in more detail in its **Transparency and Disclosure Policy**.

### **Secretary of the Board Role:**

Regulating the disclosure register of the Board and Executive Management as per **Article (89) of CMA Corporate Governance Regulations** to include the following;

- a) Maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations; and
- b) Making such register available for review by BSF's shareholders free of charge.

As well as, maintaining a register for the BoD candidates' Conflict of Interest.

### **5.3.4 Corporate Opportunities**

Members of the Board and Committees owe a duty to BSF to act in and advance its best interests when a business opportunity arises. Board and Committee members are therefore prohibited from:

- a) Taking for themselves opportunities that are discovered through their role as a Board or Board Committee member;
- b) Using the BSF name to gain a personal or professional gain or benefit; or
- c) Competing or assisting others to compete with BSF in relation to any business opportunity.

The forgoing does not apply, if and to the extent that non-interested Board members have determined that BSF will not pursue the relevant opportunity and the relevant Board or Committee member discloses in writing that they intend to pursue the opportunity.

### **5.3.5 Engaging in a Competing Business**

Without prejudice to Article (27) of the Companies Law and other relevant provisions, if a member of the Board or a member of the board committees, desires to engage in a business that may compete with the Bank or any of its activities, the following shall be taken into account:

- a) Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting;
- b) The conflicted member shall abstain from voting on the related decision in the Board meeting, the meeting of the committees and General Assemblies;

- c) The Chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board or a member of one of its committees is engaged in after the Board assesses the Board member's competition with BSF's business or if he/she is in competition with one of the branch activities that it conducts in accordance with the standards for competing business referred to below and published on the Bank's website as issued by the Ordinary General Assembly, provided that such businesses are assessed on annual basis; and
- d) Obtaining an authorization of the Ordinary General Assembly of the Bank, or of the Board through a delegation of the Ordinary General Assembly, for the Board member to engage in the competing business.

**Refusal to Grant the Authorization:**

- a) If the Board rejects granting the authorization as per the relevant regulations, the member of the Board shall resign within a period specified by the Board; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such competing businesses or amend his/her situation in accordance with the Companies Law and its implementing regulations prior to the end of the period set by the Board.
- b) If the General Assembly rejects granting the authorization in accordance with the applicable regulations, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such competing businesses or amend his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

**The following shall be deemed a participation in a business that may compete with the Bank or any of its activities:**

- 1) The Board members' establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of the Bank or its group;
- 2) Accepting membership in the Board of a company, an entity that competing with the Bank or its group, or managing the affairs of a competing sole proprietorship or any competing company of any form, except for the bank's affiliates; and
- 3) The Board member's acting as an overt or covert commercial agent for another company or entity competing with the Bank or its group.

**For the purposes of this clause, the following are the activities classified as Competing Business with BSF:**

- Banking Activities licensed by SAMA
- Securities Business activities licensed by CMA
- Financing Lease activities licensed by SAMA
- Insurance Agency activities licensed by SAMA

**BSF's Policy for Dealing with Cases of Competing Business:**

- Board Members shall not be permitted to engage in any business competing with BSF in Saudi Arabia.

- The Board may authorize the engagement in businesses competing with any of BSF subsidiaries in Saudi Arabia, unless such competing business is deemed material. In such cases, however, the Board Member engaged in competing business shall not attend any of the Board/Board Committee discussions related to the relevant subsidiary.
- If a Board or Board Committee Member is engaged in competing business that controls a Saudi entity competing with any of BSF subsidiaries, he shall not be deemed as engaged in competing business or needs authorization from BSF for such engagement. However, he shall not attend any Board/Board Committee discussions related to the relevant subsidiary.

### **5.3.6 Gifts, Benefits & Entertainment**

No member of the Board or one of its committees or Senior Executives may accept gifts from any person who has entered into commercial transactions with the Bank if such acceptance of gifts may lead to a conflict of interest.

The purpose of gifts, benefits and entertainment in a commercial setting is to promote goodwill and sound working relationships, not to gain any unfair advantage with customers. Gifts, benefits and entertainment include any sort of benefit, favor or advantage given or received by an employee.

In all cases gifts, benefits and entertainment must meet the following criteria:

- a) Cash or cash equivalent gifts are not permitted;
- b) The gift/benefit is consistent with customary business practice;
- c) It is reasonable in value;
- d) It cannot reasonably be construed as a bribe or payoff; and
- e) It does not violate any laws, regulations or applicable policies of the other party.

The detailed requirements with respect to gifts and benefits are included in the **Code of Conduct for Board & Board Committee**. These requirements include the specific prohibitions and the circumstances in which approval must be sought.



## | Conflict of Interest Policy for Employees

## 6. Purpose

The purpose of this document is to set out Banque Saudi Fransi's ("BSF" or the "Bank") the key ethical principles and policies that BSF Employees (including all Staff, outsourced, Executive Management and their families) are expected to adhere to in relation to the avoidance of conflicts of interest with respect to their duties and activities with BSF and/or its customers.

A conflict of interest arises where an employee has a private interest that may potentially interfere with that employee duty to BSF or its customers. In other words, a conflict can arise when an employee takes actions or has interests that may make it difficult for him or her to perform BSF related work objectively and effectively.

Conflicts of interest can arise in a multitude of situations. As such, this Policy does not seek to enumerate every circumstance, which may constitute a conflict of interest. It seeks to set-out the fundamental principles that employees must adhere to, and address BSF's policy on key situations and limitations.

BSF and departments within BSF will, where deemed necessary, implement more detailed procedures, which are designed to support the Bank's on-going compliance with, among other things, this Policy.

The above purpose seeks to:

- a) Endorse and promote BSF's commitment to honest and ethical conduct, including fair dealing and ethical handling of conflicts of interest;
- b) Promote compliance with applicable laws and regulations;
- c) Ensure the protection of BSF business interests, including corporate opportunities, assets and confidential information; and
- d) Act as a deterrent for wrongdoing.

This document is intended as a statement of BSF policy. It is not a procedure document, although certain procedures may be included where these are pertinent to a better understanding of the Policy.

## 7. Policy

### 7.1 Policy Statement

It is BSF policy that employees are required to act in a manner in which conflicts of interest are avoided and act at all times objectively with the highest ethical standards and in the best interests of BSF.

### 7.2 BSF Policy Principles

The high-level principles applied by BSF in respect of this Policy are as follows:

- a) Employees have a duty to act in the best interests of BSF;
- b) All employees are expected to discharge their duties objectively without regard to personal interests that they may have;
- c) BSF is committed to a framework in which conflicts of interest can be appropriately avoided or managed;



- d) BSF is committed to providing the information and resources to enable employees to identify and avoid conflict scenarios; and
- e) Providing examples of conflicts of interest situations through awareness programs and relevant trainings that are relevant to the nature of the Bank's activity.

## 7.3 Policy Details

The following sets out, in more detail, policy requirements covering the Policy statement and BSF policy principles outlined above.

### 7.3.1 Conflicts Generally

In addition to the specific requirements set out below, all employees are expected to comply with the general principle of avoiding situations or interests that may reasonably be expected to be adverse to the interests of BSF or its customers or otherwise may make it difficult for such employee to perform his or her duties objectively and effectively.

Compliance Group (CPG), Legal and Governance Group (LGG) can assist employees in determining whether a particular situation constitutes an actual or potential conflict of interest. In all cases of doubt, CPG, LGG should be consulted.

As guidance, employees should consider the following:

- a) Is the relationship or situation such that it may embarrass BSF or me if it became known generally?
- b) Would I be reluctant to disclose this relationship or situation to management, compliance or legal?
- c) Does the relationship or situation incentivize me, in any way, to act in a way that I would not otherwise act if the relationship or situation did not exist?
- d) Does the relationship or situation, directly or indirectly, benefit me or anyone related to me in circumstances that would encourage me to act in a particular way?

If the answer to any of the above questions is yes, it is possible that a conflict of interest may exist and the situation should be avoided if possible. Where it is not possible to avoid the situation, or where an employee is unclear, it should be disclosed to CPG and LGG who will advise on any action to be taken.

### 7.3.2 External Employment/Outside Business Activities

Employees are prohibited from working for or being remunerated by a competitor of BSF or any of its customers or suppliers without prior written approval of senior management through HRG.

As such, employees should avoid any direct or indirect business connection with competitors, suppliers or customers.

This prohibition does not apply to approved relationships established at the request or on behalf of BSF.

In addition to the above, whether or not the relevant external employment would constitute a conflict of interest, employees are required to comply with BSF's policy on outside business interests as set out in the Code of Conduct, which includes a requirement that all such employment/interests be approved by the Senior Management through (HRG).

BSF employees in leadership positions (during their employment contract with BSF) must obtain the approval of BSF and obtain SAMA no-objection before accepting the nomination, assignment / re-assignment, appointment / reappointment with any public or private sector, or assuming any other responsibilities such as membership in boards of directors, committees, or similar.

Further details on BSF's policy on External Employment/ Outside Business Activities is included in the HR Policy.

### **7.3.3 External Board Memberships or Affiliations**

Similar to external employment (see Section 7.3.2 above) and personal investments (see Section 7.3.4 below) membership of the Board or other affiliation with a customer, supplier or competitor may result in a conflict of interest.

The acceptance of any directorship or other affiliation with any entity is prohibited where such acceptance could conflict or interfere with such employee's role with and duties to BSF.

In relation to non-profit organizations, consideration should be given to whether such directorship or affiliation may obligate or pressure BSF into supporting such organization.

Employees may serve as Directors or otherwise be affiliated with BSF group companies as part of their normal work assignments.

BSF employees in leadership positions (during their employment contract with BSF) must obtain the approval of BSF and obtain SAMA no-objection before accepting the nomination, assignment / re-assignment, appointment / reappointment with any public or private sector, or assuming any other responsibilities such as membership in boards of directors, committees, or similar.

Further details on BSF's policy on External Board Memberships or Affiliations is included in the HR Policy.

### **7.3.4 Personal Investments**

Investments made by an employee or immediate family member that result in a financial interest in the performance of the investee Bank, entity or business. In addition to the below, all such investments must be in compliance with the policy on investment in securities as set out in BSF's Code of Business Conduct & Ethics (in particular, the requirements relating to insider dealing and the misuse of confidential information).

Investments, as such, do not necessarily give rise to a conflict of interest for the employee. However, where, for example, the investee Bank is a customer of or supplier to BSF and the employee is in a position where he or she can, in relation to BSF business, act in a way that benefits such customer or supplier, it is likely the employee is in a conflict situation. In such cases, the employee should contact CPG to assess the appropriate course of action. This may include divesting the investment or recusing the employee from dealing with or making decisions in relation to the relevant customer or supplier.

Similarly, investments in competitors of BSF may constitute a conflict of interest where the employee is, for example, responsible for business, which the competitor is also competing for.

The question to ask is whether the investment is such that it encourages me to make different decisions in relation to BSF or BSF customer business. If it is, it is likely a conflict of interest.

Employees must avoid making any investments that constitute a conflict of interest. Where an employee has an existing investment, which, due to circumstances at BSF, becomes a conflict of interest, such employee must notify their managers with a copy to each of HRG & CPG.

### 7.3.5 Investments in Publicly Traded Securities and Mutual Funds

Investments in mutual funds and publicly traded securities of customers, suppliers or competitors are not normally considered to constitute a conflict of interest, unless such investment is significant and/or accompanied by some other relationship with the entity.

### 7.3.6 Corporate Opportunities

During the course of their employment with BSF, employees may come across potential business opportunities. Accepting such opportunities may constitute a conflict of interest, where BSF itself may wish to pursue the opportunity.

Employees are prohibited from accepting for themselves or family members any opportunities that they discover through their employment with BSF or otherwise through the use of corporate assets or information.

### 7.3.7 Personal Relationships at Work

BSF does not object to employees establishing or maintaining personal relationships within the office environment. However, it is important that such relationships do not interfere with each respective employee's obligations and duties to BSF or the proper execution of their function.

In particular, employees are prohibited from providing unfair advantage or benefits of any kind to fellow employees with whom they have a personal relationship. This is consistent with BSF's general commitment to equality of treatment and respect for all employees.

It is important to note, that this equally applies to providing unfair treatment to employees with whom an individual has a negative personal relationship.

Further details on BSF's policy on personal relationships is included in the HR Policy.

### 7.3.8 Hiring

BSF seeks to hire the best and most qualified staff for all positions within the Bank. Such hiring is undertaken strictly on merit based on the policies and procedures of HRG.

While the hiring of an individual with a familial or other relationship with an existing employee is not necessarily inappropriate, HRG have established policies and procedures to ensure such hiring is independently assessed and based on merit.

Similarly, employees should not seek to inappropriately employ individuals merely at the request of important customers, suppliers or other third parties.

These restrictions should apply also for hiring workers without payment & part-time jobs (trainees). In all cases, the hiring policies and procedures established by HRG must be followed.

Further details on BSF's policy on Employee Appointment is included in the HR Policy.

### **7.3.9 Gifts, Benefits & Entertainment**

The purpose of gifts, benefits and entertainment in a commercial setting is to promote goodwill and sound working relationships, not to gain any unfair advantage with customers. Gifts, benefits and entertainment include any sort of benefit, favor or advantage given or received by an employee or a close family member.

In all cases gifts, benefits and entertainment must meet the following criteria:

- a) Cash or cash equivalent gifts are not permitted;
- b) The gift/benefit is consistent with customary business practice;
- c) It is reasonable in value;
- d) It cannot reasonably be construed as a bribe or payoff;
- e) It does not violate any laws, regulations or applicable policies of the other party; and
- f) If an employee has any question about appropriateness of accepting gifts, benefits and entertainment he/she could discuss the matter with the Group Head and Compliance Division prior to acceptance.

BSF's policy on gifts, benefits & entertainment is set out in more details in its Code of Business Conduct & Ethics.

### **7.3.10 Commissions and Referral Fees**

Employees are prohibited from accepting anything of value or benefit in exchange for referring third parties to any person, organization or group doing business with or seeking to do business with BSF.

### **7.3.11 Related Party Transactions**

Employees must notify their managers with a copy to each of HRG & CPG of any business or proposed business relationship or transaction BSF may have with any entity to which the employee has a material direct or indirect interest. This extends to any transaction with BSF, for example if you or a family member have a material interest in a property that BSF is either leasing or purchasing.

The foregoing does not apply to normal course of business relationships consisting solely of the provision by BSF of a customary product or service (e.g. loan, deposit, credit card) which is typically offered to other parties on the same terms.

Employees who are unclear as to whether a transaction constitutes a Related Party transaction should contact LGG or CPG.

These requirements are independent of the requirements imposed on the Board and certain Senior Management under BSF's Related Party Transactions Policy.

BSF's policy on Related Party Transactions is set out in more detail in its **Related Party Transactions Policy**.

### **7.3.12 Extension of Policy to Acts of Family Members and other Relationships**

While this Policy is expressed to apply to employees, its requirements extend to relevant acts or interests by family members. In other words, acts or interests that are prohibited or restricted for employees are similarly prohibited or restricted in relation to family members or persons in a similar close relationship with the employee.

### **7.3.13 Disclosure**

Clear procedures for disclosing conflicts of interest prior to commencing the activities that may lead to conflicts of interest and obtaining authorisation or the requisite approval shall be in place.

Employees have the obligation to constantly disclose situations that may lead to conflicts of interest or upon the occurrence of such conflicts.

Employees are required to disclose the existence of actual or potential conflicts of interest to their manager and CPG as soon as they become aware of them.

BSF's policy on Disclosure is set out in more detail in its **Transparency and Disclosure Policy**.

### **7.3.14 Whistleblowing**

BSF has established a Whistleblowing Policy designed to encourage employees to notify BSF if they become aware of any breaches of law, regulation, policy or ethics. The Whistleblowing Policy and the protections afforded therein, apply equally to employees who become aware of actual or potential conflicts.

### **7.3.15 Compliance and Consequences for Non-Compliance**

BSF treats the management of conflicts of interest extremely seriously. All employees are required to comply with this Policy, the Code of Conduct, as well as HRG related policies and procedures at all times. Any failure to comply with these requirements may result in disciplinary action being taken against the employee as per HR Policy approved by the BoD.