GFH Conflict of Interest Policy

Approval Date	13 February 2024
Version Number	1.2

Version History

Version	Version Date	Revision Summary	Author / Policy Owner
1.0	27th November, 2018	Development of the Policy	Compliance Department
1.1	11th November 2021	Update of the Policy	Compliance Department
1.2	13 February 2024	Update of the Policy	Compliance Department

Note: This document will be reviewed annually by the policy owner. It will also be amended on an ad hoc basis in response to any changes in the legal, regulatory and operating environment. Changes that are miscellaneous in nature can be made where required by the policy owner. Material changes will be then submitted for approval at the next Audit & Risk Committee ("ARC") and Board of Directors ("BOD") meeting.

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1. Purpose and Policy Objectives:

GFH Financial Group B.S.C. ("GFH" or "the Bank") as a provider of a wide range of financial services faces potential and actual conflicts of interest. Managing these conflicts of interest effectively is essential to protect GFH and its clients and to support the Bank's vision of becoming the most trusted financial partner. The purpose of the Conflicts of Interest Policy ("the Policy") is to enable GFH's Board Members and Executives to identify and prevent or manage conflicts of interest according to the core value of integrity and high corporate governance standards.

2. Copyright Statement

GFH has proprietary rights over this document and its contents. No part of the document should be copied nor is document to be removed or relocated from the Bank's premises for any reason without the express written permission of the process owner.

3. Frequency of Review and Approval

The policy shall be subject to annual review whenever regulatory requirement changes. In case the policy requires any modification / amendments, the same shall be recommended by the policy owner, pursuant to which approvals shall be procured from the BOD.

The policy owner is responsible for retaining the signed hard copy of the policy. A soft copy of the latest signed policy must be available through the Bank's intranet.

4. Scope of the Policy:

This Policy sets out the guidelines for conflict of interest requirements as per Bahrain's regulatory requirements and industry's best standards. This policy is applicable to all Executives of GFH across all business lines.

For the purpose of this Policy:
"GFH": GFH Financial Group B.S.C., and its subsidiaries.
"Executive": For the purpose of this policy includes members of the Board, senior management and all other employees of GFH, which includes those employed under temporary arrangement, secondment or as consultants.
"Approved Persons": Persons undertraining certain functions which require the Central Bank of Bahrain's approval prior to their appointment. These functions (also called controlled functions) include, but not limited to, Board Members and those occupying executive positions.

5. Confidentiality

The content of this Policy is strictly confidential and no information regarding this Policy must be disclosed to outsiders without the written approval from the Policy Owner.

6. Handling conflicts of interest:

6.1. Identifying conflicts of interest:

The first step in being able to protect GFH and its clients from being adversely affected by a conflict of interest is to understand what a conflict of interest is. To identify a conflict of interest, consideration should be given to whether GFH or any of its executives:

- Is likely to make a financial gain or avoid a loss, at the expense of a client;
- Has an interest that is different from the client in relation to:
  - the outcome of a service provided; or
  - a transaction carried out on behalf of the client.
- Has a financial or other incentive to favor the interest of one client or group of clients over the interests of another client;
- Conducts the same business as the client;
- Receives, or will receive, a benefit (monetary and/or non-monetary) from a third party in relation to a service provided to a client that is likely to impair the ability to act in the best interest of the client. Consideration should be given to the nature and scale of the benefit.

These conflicts of interest may arise in the following general situations:

- Conflicts between GFH and its clients;
- Conflicts between clients or groups of clients;
- Conflicts between employees and clients;
- Conflicts between any member of the Board of Directors, any member of the Executive Board, or employees and GFH;

To protect GFH and its clients' interests, we all have a collective responsibility to identify any potential or actual conflict of interest that could adversely affect GFH and/or its clients, including conflicts arising from the Bank's specific investment and services. The Executives must act with honesty, integrity and care for the best interest of GFH and its shareholders and other stakeholders. The Compliance Department is available for advice in case of doubt.

6.2. Preventing and managing conflicts of interest:

It is an integrated part of GFH's culture to prevent conflicts of interest and, where they cannot be prevented, to manage them appropriately. For each conflict of interest, consideration will need to be given to how best to manage it to the appropriate level to protect GFH and/or its affected client(s). GFH manages conflicts of interest through combinations of controls and procedures, which include that transactions entered with related parties must be made on an arm's length basis.

7. Avoidance of Conflict of Interest:

Each Executive must make every practicable effort to avoid any possible activities that could create conflict of interest or the appearance of conflict of interest. An Executive shall be considered to have a "personal interest" in a transaction with a company if they themselves, or a member of their family (i.e. spouse, father, mother, sons, daughters, brothers or sisters), or another company of which they are a director or controller, are a party to the transaction or have a material financial interest in the transaction or are expected to derive material personal benefit from the transaction.

It is the Board and Senior Management's responsibility to implement and ensure full compliance with the GFH's Conflict of Interest Policy.

Any decisions to enter into transactions, under which approved persons would have conflicts of interest, should be formally and unanimously approved by the full board. An executive must:

- Not enter into competition with the Bank;
- Not demand or accept substantial gifts from the Bank for himself or connected persons;
- Not misuse or misappropriate the Bank's assets or resources, including not using properties of the Bank for their personal needs;
- Not use the Bank's privileged information or take advantage of business opportunities to which it is entitled, for himself or his associates;
- Absent themselves from any discussions or decision-making that involves a subject where they are incapable of providing objective advice, or which involves a subject or (proposed) transaction where a conflict of interest exists.
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Examples of where conflict of interest may arise when serving as an Executive:

- Where the Executive is serving as a director of a company that may have competing interests. This creates a conflict as their decisions for GFH could be influenced by their duties to the competitor.
- **An Executive uses confidential information about GFH's clients to trade in securities, benefiting themselves or others.**
- **An Executive enters into a business deal with a company owned by a close friend or family member, potentially at unfavorable terms for GFH.**

8. Board of Directors Roles and Responsibilities:

The Board of Directors has a responsibility to ensure that GFH has adequate policies and guidelines to avoid to the extent possible any conflicts of interest between the Bank and any member of the Board of Directors, any member of the Executive Board and any other employee of the Bank.

Where there is a potential for conflict of interest, or there is a need for impartiality, the Board must assign a sufficient number of independent Board members capable of exercising independent judgement, to address the conflict.

In the event a conflict arises at the Board level of GFH for a deal/transaction, the following measures are to be taken:

Prior to the Board meeting:

1- Prior to approving any deal/transaction, the conflicted Member must complete the Conflict of Interest Reporting Form (refer Annexure 2) and submit it to the Board Secretary;
2- The Board Secretary will circulate the completed form to GFH's Board for consideration and to notify them of the presence of a conflict with regards to that deal/transaction;
3- The Board in absence of the conflicted Member/Members will discuss/consider the details of the deal/transaction and resolve its decision. In the case of a board resolution to be approved by circulation (via email), the conflicted Board member should not be marked or copied on the email and if copied, the replies/responses by other Board members should be directly sent (one-on-one) to the Board secretary.

Post the Transaction:

1- The deal/transaction must be reported in GFH's Financial Statements;
2- The deal/transaction must be disclosed to all shareholders in the AGM pack at GFH's next shareholders' meeting for ratification;
3- The deal/transaction must also be disclosed in GFH's annual report for the subsequent year end.

9. Disclosure of Conflict of Interest:

Each Executive must promptly disclose to the Bank in writing (refer Annexure 2) any matter that may result, or has already resulted, in a conflict of interest. They must also recuse themselves from the decision making process and not be part of any discussions, if their presence could be seen as influencing other Executives' decisions and/or comments. Executives must abstain getting involved in or voting on the matter in accordance with the relevant provisions of the Commercial Companies Law. This disclosure must include all material facts in the case of a contract or transaction involving the Executive. The Executive must understand that any approval of a conflict transaction is effective only if all material facts are known to the authorizing persons and the conflicted person did not participate in the decision and that such information must be disclosed in the annual report.

For the purpose of this policy, "material fact" means any information that could reasonably be expected to influence the decision-making of a reasonable person in a similar situation. Wherein the materiality of a fact depends on the nature, context and potential impact on the decision at hand. It may include, but is not limited to, financial matters, client data, non-public information on potential transactions, and/or personal interests.

The Bank must disclose to its shareholders in the Annual Report any abstention from voting motivated by a conflict of interest and must disclose to its shareholders any authorization of a conflict of interest contract or transaction in accordance with the Commercial Companies Law.

10. Gifts and Hospitality:

GFH has a clear set of rules that apply to all Executives for giving and accepting gifts and hospitality. This is designed to prevent or manage potential conflicts of interest and to ensure that the Bank always acts with integrity in its interactions with clients and other business partners. To protect the reputation of the Bank and its Executives, the Board of Directors has approved a Gift Policy which sets out the responsibilities, limits and guidance with respect to Gifts. Please refer to GFH Gift Policy for full details.

11. Employment of Relatives of Approved Persons:

Section 5 of GFH's Recruitment Policy outlines the Policies on the 'Employment of Relatives' and is applicable to all Executives of GFH and its subsidiaries. The Chief Executive Officer must disclose to the Board of Directors on an annual basis the names and positions of all employees who are relatives of the Approved Persons. Furthermore, the details of the Employment of Relatives of Approved Persons and the Policy summary are to be disclosed in the Annual Report.

12. Insider Trading:

All Executives must read and understand GFH Insider Trading Policy, which aims to ensure that insiders are fully aware of the legal and administrative requirements regarding their holdings and dealings in GFH's securities. Furthermore, all Executives must sign the 'Insider Declaration' as part of the induction pack when first joining GFH.

13. Identification and Reporting of Conflicts of Interest:

It is the responsibility of all Executives to identify Conflict of Interest Risks:

- Executives must always be mindful of Conflict of Interest risks when considering new contracts or business relationships;
- Potential Conflicts of Interest can arise in relation to awarding of contracts by the Bank or any of its investment entities. Any interests or relationships which exist between

Executives should be identified and disclosed to the Compliance Department in order manage these potential conflicts appropriately;

- Board Members and Executives of GFH are required to declare, in accordance with Annexures 1 & 3, their conflict of interest and personal interests at the time of appointment/recruitment, and subsequently confirm/disclose on annual basis, and/or when it arises, to the best of their knowledge, any actual, perceived or potential conflict that may exist or arises. Personal interests would include all their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager or other form of significant participation).
- Annual confirmations will be sought by the Board Secretary for Board Members and the Head of HR for other Executives. Please refer to the Conflict of Interest Declaration Form for Board Members in Annexure 1 and Annexure 3 for other Executives.
- Custody of the records on Conflicts of Interest for all Executives (including Board Members) will be lodged confidentially with the Compliance Department.
- The Compliance Department may be consulted to check whether one or more Executive is potentially conflicted with a proposed transaction. For the avoidance of doubt, consulting the Compliance Department in this manner does not discharge the Executive from their responsibility to disclose, abstain and/or recuse from any transaction.
- GFH has the right to undergo a rigorous review upon entering into and approval process before engaging in certain activities that may be perceived as conflicted, which may include serving on another Board, so as to ensure that such activity will not create a conflict of interest.

14. Enforcement:

It is mandatory to comply with the provisions of this policy. GFH may, at its own discretion, discipline those who fail to comply with this policy, up to and including termination and possible legal action.

Serious infringement of this policy will require reporting of this manner to the Board of Directors, to take a call on further action it deems necessary.

Annexure 1: CONFLICT OF INTEREST BOARD MEMBER DECLARATION

CONFLICT OF INTEREST BOARD MEMBER DECLARATION

In accordance with **Paragraph 5.2.8 of GFH Financial Group's Conflict of Interest Policy,** each Board Member is required to sign a declaration confirming that he did not act on any inside information obtained from GFH.

*The Board Member must disclose to the Board all **Actual, *perceived or **potential conflict of interest** including those in which he may have been placed inadvertently due to either business or personal relationships with customers, shareholders, suppliers, business associates, competitors of GFH Group, other GFH Board Members or GFH Group employees.*

*** Perceived conflicts of interest:** exists when it is likely that a Board member could be influenced or could be perceived to be influenced by a personal interest when performing their official function.*

*****Potential conflicts of interest**: exists as soon as the Board member can foresee that a private interest that may be sufficient to influence a public duty or responsibility.*

PART 1: DIRECTOR'S DISCLOSURE	
I, *(Insert Full Name)*	
Declare that: *Note: Tick all applicable boxes*	☐ I have read and understood the Directors' Conflict of Interest Policy.
	☐ I have complied/ will comply with GFH's general confidentiality requirements as outlined in the 'Conflicts of Interest Policy' and the 'Director's Contract'. I am aware of my obligations while holding Inside Information as outlined in Section 5 of the policy.
	☐ I confirm that I will inform the Company Secretary of any future changes which affect the responses I have given in this form.
	In case of any condition/ limitation, please state here:

PART 2: DIRECTOR'S DISCLOSURE	
Do you hold any conflicts of interest which have arisen during the year and /or are ongoing? *Note: Tick all applicable boxes*	Actual Conflict of Interest ☐ Yes ☐ No
	Potential Conflict of Interest ☐ Yes ☐ No
	Perceived Conflict of Interest ☐ Yes ☐ No
(In case any of the above is selected, please provide the details in Part 3 & 4)	

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PART 3: IF CONFLICT IS DUE TO A BUSINESS OR AN ENTITY IN WHICH YOU ARE A SHAREHOLDER, BOARD MEMBER, A PARTNER OR POWER OF ATTORNEY HOLDER – PLEASE FILL THE BELOW:		
BUSINESS OR ENTITY	**BUSINESS OR ENTITY**	**BUSINESS OR ENTITY**
Name:	**Name:**	**Name:**
Address:	**Address:**	**Address:**
Business Line:	**Business Line:**	**Business Line:**
Comments:	**Comments:**	**Comments:**
(Attach additional sheets if required)		

PART 4: DIRECT / INDIRECT INTEREST
(List all the External Parties that you have a direct / indirect relationship and indicate the type of relationship and the nature of the business. Also, please provide a brief outline of the nature of the conflict)

Name of the Counterparty A:		**Owner/ Shareholder 1:**	
Address:		**Owner/ Shareholder 2:**	
Type of Relationship:		**Owner/ Shareholder 3:**	
Comments/ Nature of Conflict:		**Business Line:**	
Name of the Counterparty B:		**Owner/ Shareholder 1:**	
Address:		**Owner/ Shareholder 2:**	
Type of Relationship:		**Owner/ Shareholder 3:**	
Comments/ Nature of Conflict:		**Business Line:**	
Name of the Counterparty C:		**Owner/ Shareholder 1:**	
Address:		**Owner/ Shareholder 2:**	
Type of Relationship:		**Owner/ Shareholder 3:**	
Comments/ Nature of Conflict:		**Business Line:**	
(Attach additional sheets if required)			

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PART 5: TRANSACTIONS WITH GFH Please list out any material transactions carried out with GFH (if any) during the year. *Definitions of 'material' is included within Section 5 of the Conflicts of Interest Policy.*			
DATE OF TRANSACTION	**NATURE**	**COMENTS**	**AMOUNT**

DECLARATION and SIGNATURE

I, ___________________________________, confirm that I have and/or will at all times, as a member of GHF's Board, had been/ will be in compliance with GFH's Board's Conflicts of Interest Policy and remain so as of the below date of signing.

Board Member's Signature: ____________________________ **Date:** _______________________

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Annexure 2: CONFLICT OF INTEREST REPORTING FORM

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CONFLICT OF INTEREST REPORTING FORM

In accordance with **Paragraph HC-2.4.1 of the CBB Rulebook Volume 2 which states the below:**

"Each director and officer must inform the entire board in writing of conflicts of interest immediately as they arise. Board members must abstain from voting on the matter in accordance with the relevant provisions of the Commercial Companies Law. This disclosure must include all material facts in the case of a contract or transaction involving the director or officer. The directors and officers must understand that any approval of a conflict transaction is effective only if all material facts are known to the authorising persons and the conflicted person did not participate in the decision and that such information must be disclosed in the annual report."

PART 1: DIRECTOR'S OR EXECUTIVE'S DISCLOSURE	
I, *(Insert Full Name)*	
Specify the type of conflict arising: *Note: Tick all applicable boxes*	Actual Conflict of Interest ☐ Yes ☐ No
	Potential Conflict of Interest* ☐ Yes ☐ No **Exists when it is likely that a Board member or Executive could be influenced or could be perceived to be influenced by a personal interest when performing their official function.*
	Perceived Conflict of Interest* ☐ Yes ☐ No ***Exists as soon as the Board member or Executive can foresee that a private interest that may be sufficient to influence a duty or responsibility.*

PART 2: IF CONFLICT IS DUE TO A BUSINESS OR AN ENTITY IN WHICH YOU ARE A SHAREHOLDER, BOARD MEMBER, A PARTNER OR POWER OF ATTORNEY HOLDER – PLEASE FILL THE BELOW:	
Name:	**Address:**
Relation:	**Business Line:**
Comments:	

PART 3: TRANSACTIONS WITH GFH
Please list down the transactions details carried out with GFH with regards to the Business or Entity stated in Part 2 above:

DATE OF TRANSACTION	NATURE	COMMENTS	AMOUNT

DECLARATION and SIGNATURE

I, __________________________________, confirm that the above information is correct and accurate and in case of any change or update in the size, number or type of transactions occurs, related to the aforementioned, it will be disclosed to the Board of Directors accordingly.

Signature: ____________________________ **Date:** _______________________

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Annexure 3: CONFLICT OF INTEREST Declaration for Employees:

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DECLARATION: CONFLICT OF INTEREST

In accordance with **section 18** of **GFH Financial Group Code of Ethics and Business Conduct**, any staff member of the GFH Group or its subsidiary who has an **Actual, *perceived or a **potential conflict of interest** while engaged in business dealing with External Parties, should complete this form. The employee must disclose to management all potential conflicts of interest, including those in which he / she may have been placed inadvertently due to either business or personal relationships with customers, suppliers, business associates, competitors of GFH Group or with other GFH Group employees.

* **Perceived conflicts of interest:** exists when it is likely that a staff member could be influenced or could be perceived to be influenced by a personal interest when performing their official function.

****Potential conflicts of interest***:* exists as soon as the staff member can foresee that a private interest that may be sufficient to influence a public duty or responsibility.

PART 1: EMPLOYEE'S DISCLOSURE (*Please complete your answers in* ***BLOCK LETTERS***)	
I, *(Insert Full Name)*	
of *(Department)*	
Hereby declare I have	☐ Actual Conflict of Interest ☐ Potential Conflict of Interest ☐ Perceived Conflict of Interest *(In case any of the above is selected, please provide the details in Part 2 & 3)*
Note: *Tick all applicable boxes*	☐ No conflict of interest

PART 2: IF CONFLICT IS DUE TO A BUSINESS OR AN ENTITY IN WHICH YOU ARE A SHAREHOLDER, A PARTNER OR POWER OF ATTORNEY HOLDER – PLEASE FILL THE BELOW:		
BUSINESS OR ENTITY	**BUSINESS OR ENTITY**	**BUSINESS OR ENTITY**
Name:	**Name:**	**Name:**
Address:	**Address:**	**Address:**
Business Line:	**Business Line:**	**Business Line:**
Comments:	**Comments:**	**Comments:**

PART 3: DIRECT / INDIRECT INTEREST (List all the External Parties that you have a direct / indirect relationship and indicate the type of relationship and the nature of the business. Also, please provide a brief outline of the nature of the conflict)			
Name of the Counterparty 1:		**Owner/ Shareholder 1:**	
Address:		**Owner/ Shareholder 2:**	
Type of Relationship:		**Owner/ Shareholder 3:**	
Comments:		**Business Line:**	

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DECLARATION: CONFLICT OF INTEREST

PART 3 Continued:			
Name of the Counterparty 2:		Owner/ Shareholder 1:	
Address:		Owner/ Shareholder 2:	
Type of Relationship:		Owner/ Shareholder 3:	
Comments:		Business Line:	

PART 3 Continued:			
Name of the Counterparty 3:		Owner/ Shareholder 1:	
Address:		Owner/ Shareholder 2:	
Type of Relationship:		Owner/ Shareholder 3:	
Comments:		Business Line:	

EMPLOYEE DECLARATION

I, ________________________________, have read and understand this declaration and hereby agree to:

- Update this disclosure throughout the period of my employment with the ***GFH Financial Group or any of its subsidiary*** on an annual basis or anytime a conflict arises; and
- Comply with any conditions or restrictions imposed by GFH Group to manage, mitigate or eliminate any actual, potential or perceived conflict of interest and /or any commitment.

Signed: ____________________________ **Dated:** _______________________

FINAL REVIEW BY THE HUMAN RESOURCES & DEVELOPMENT DEPARTMENT	
Recorded on log sheet:	☐ Yes ☐ No
Recorded by:	
Date:	
Head of HR Management & Development (Name and Signature):	