

Azizi Bank

Anti-Bribery & Corruption Policy

Dec 2020

Version 2.0



Zanbaq Square, Opposite Turkish Embassy, Kabul, Afghanistan.
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4.2. Meaning of bribe

A "bribe" is any financial or other advantage which is offered, provided, authorized, requested or received as an inducement or reward for the improper performance of a person's relevant function or the receipt of which is itself improper (e.g. in breach of any rules or guidelines which apply specifically to the recipient).

For these purposes, a 'relevant function' can include any function of a public nature, any activity connected with a business, any activity performed in the course of a person's employment and any activity performed by or on behalf of a company.

Any such function is performed 'improperly' by a person if they perform it in breach of what would be expected of them by a reasonable person by reference to any applicable requirements of good faith, impartiality or any position of trust which that person may hold.

A 'financial or other advantage' for this purpose can include money or any offer, promise or gift of something of value or advantage, including non-tangible things.

Just offering, promising, requesting or agreeing to receive a financial or other advantage with the intention of inducing or rewarding a person to perform a function or activity improperly is a bribe, even if the financial or other advantage is never actually provided or received. The timing of a bribe does not matter.

Importantly, specific Act and rules like Foreign Corrupt Practices Act, UK bribery Act and Afghanistan Penal code apply to dealing with Public Officials. A bribe in this context can also include offering (or even having the intention to offer) or providing to Public Officials any financial or other advantage in order to influence them in any way in their official capacity for the purpose of obtaining an advantage. This can include influencing Confidential: Strictly for internal circulation only

a Public Official to do something which is within the scope of their public duties or which they may otherwise have done in any event.

When dealing with clients and other business contacts, bank/ relevant department should take care to avoid doing anything that might be viewed as giving a bribe, such as improperly encouraging them to favor Azizi Bank's interest over the interest of others. Bank's official should therefore become familiar with the rules on pre-clearance of gifts and hospitality as described in Section 4.3 below.

The risk of committing a bribery offence is particularly significant where bank is involved in business with Public Officials and this Policy sets stringent procedures in relation to bank's interaction with them.

4.3. Gifts and hospitality

General approach

The exchange of gifts and hospitality establishes goodwill and enhances relationships with business partners and, with some restrictions, is a lawful business practice.

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4. Bribery

4.1. Prohibition on bribery

No person covered by this Policy shall offer, provide, authorize, request or receive a "bribe" (as defined in this Policy), or anything which may be viewed as a "bribe".

Azizi Bank expressly prohibits giving and receiving of bribes. This includes promising, offering, giving, soliciting or receiving of anything of value, directly or indirectly, if improperly intended to influence action or obtain an advantage. It also prohibits falsification of books & records.

This applies to things that bank's official do themselves or which is done by bank's officials indirectly through a third party. The additional procedures which apply to minimize the risk of bribery occurring where Azizi Bank uses the services of a third party are set out in Section 11 below.

This Policy applies to private commercial activity and to activity involving Public Officials. There are, however, extra precautions that have to be taken when dealing with a Public Official. These precautions are set out in Section 4.3 below.

A "Public Official" includes:

- any officer, employee or representative of, or any person otherwise acting in an official capacity for or on behalf of, a Government Authority (as defined in Section 13 below);
- a legislative, administrative or judicial official, regardless of whether elected or appointed;
- an officer of, or individual who holds a position in, a political party;
- a candidate for political office; or
- a person who otherwise exercises a public function for or on behalf of any country.

In practice, this can include civil servants, inspectors, members of a political party, employees of a state university, judges, customs and immigration officials, ambassadors and embassy staff, and law enforcement personnel. This list is not exhaustive. Any question or concerns as to whether a particular individual may be a Public Official, has to be brought to the notice of compliance department. Compliance department will review the case and decide whether the individual fall under the definition of public official or not. The decision of compliance department shall be final and binding.

Each person covered by this Policy is responsible for knowing what Azizi Bank business policies allow and what the law permits in any relevant country of operation regarding any benefits Azizi Bank may give or receive. This includes understanding whether any particular person with whom Azizi Bank deals is a Public Official.



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1. Introduction

Azizi Bank, its subsidiaries and branches operating in Afghanistan is committed to being consistent with all relevant anti-bribery laws & best practices in its effort to comply with Foreign Corrupt Practices Act (US Federal Law), UK bribery Act & International best practices in the entire jurisdiction in which it operates.

Even the suggestion of corruption may damage the reputation of Azizi Bank and affect its ability to do business, as well as the reputation of its employees. Azizi Bank is therefore committed to doing business ethically, even if this means not gaining new business, not using the services of particular agents or business partners or incurring delays in carrying on existing business.

2. Applicability of the policy

This Anti-Bribery & Corruption Policy (the "Policy"), applies to all directors, officers and employees (permanent or temporary) of Azizi Bank with a global reach. It also applies to all "Associated Persons" of Azizi Bank. An "Associated Person" is a person who performs (or has performed) services on behalf of Azizi Bank and includes contractors, agents, business partners and Facility Management Companies ("FMCs") and any directors, officers and employees (permanent or temporary) of those Associated Persons. Further examples of Associated Persons are set out in Section 11 of this Policy below.

3. Objective & Scope of the Policy

The Primary objective of this Policy is to prevent our branch network & business relationships from being used intentionally or unintentionally, by corrupt officers or Associated Persons for personal or business advantage which may damage the reputation and efficiency of Azizi Bank. The policy is proposed to serve the following purposes:

- I. To comply with FCPA (Foreign Corrupt Practices Act) of USA
- II. To comply with Anti-Bribery Act of UK and International Best Practices
- III. To protect the integrity and reputation of Azizi Bank
- IV. To enhance its Corporate governance and Professional ethics

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Azizi Bank's officers, employees and business partners may give and receive appropriate, lawful business gifts and hospitality in connection with their work for Azizi Bank, provided that all such gifts satisfy the requirement of this Policy that they are not given, offered or received with the intent or prospect of influencing or determining the recipient's decision-making or other conduct. A gift is something that is given with no expectation that the recipient will provide anything in return. Particular care should be taken if the counterparty or individual concerned is soliciting business or information for Azizi Bank or is a Public Official.

Although bribery laws do not aim to prevent reasonable expenditure on client hospitality, any gifts or hospitality which are lavish, unusual or disproportionate may lead to their being viewed with hindsight as a bribe.

Whenever an officer, employee or business partner of Azizi Bank considers offering, accepting or providing gifts or hospitality (either directly or on behalf of any other person), they must ensure that these:

- are in good faith, occasional, appropriate and reasonable;
- constitute a normal business courtesy (such as paying for a meal or shared taxi);
- comply with any applicable laws, including those which may apply to any relevant Public Officials;
- Could not reasonably be regarded in any way as a bribe;
- Are not lavish or extravagant in the context provided (the threshold here when dealing with Public Officials may be considerably lower than in the commercial context);
- Are not given or received with the intent or prospect of improperly influencing the recipient's decision making or other context;
- Are not part of a "give and take" or reciprocal exchange agreement;
- Are capable of being approved and personally reclaimed in accordance with the appropriate business expense policies and procedures;
- Are not in cash (or any similar instrument, such as shopping vouchers); and
- Are approved in advance as set out by this Policy.

Azizi Bank will conduct enhanced due diligence while conducting business with the countries and financial institutions in which it conducts business, directly or through intermediaries. This will include any placements, deposits or any other instruments placed overseas. Enhanced due diligence shall be applied when dealing with government departments, state owned entities or any other entities which is controlled by the state entities in any manner.



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Limits on gifts and hospitality

Anyone, who considers offering, accepting or providing gifts or hospitality on behalf of Azizi Bank, must bear in mind the guidelines set out in preceding sections of this Policy as to whether it is appropriate to do so.

The table below provides appropriate limits on providing and receiving gifts and hospitality. These limits are designed to provide the bank with guidelines as to what may be appropriate, bearing in mind that gifts and hospitality must never be lavish.

In each instance the bank must identify:

- The country in which the bank considers offering, accepting or providing gifts or hospitality. Azizi Bank's guidelines in this policy on appropriate limits provide limits for various countries in which Azizi Bank operates or establish business relationships.
- Whether a client or other third party that the bank intends to deal with is a Public Official, as the risk of committing a bribery offence is particularly significant when the bank is involved in business involving Public Officials, the appropriate limits for Public Officials are lower than those for other commercial parties.

If the bank intends to provide a gift or hospitality to a commercial party, the value of which exceeds (on each occasion) the values prescribed (table below), the bank must obtain pre-clearance from Chief Compliance Officer. The Chief Compliance Officer will maintain a record of such approvals and keep such records available for inspection by his or her superiors, the Bank's legal department and/or Internal Audit.

Similarly, if a bank official, agent or representative intends to provide a gift or hospitality to a Public Official which exceeds (on each occasion) the values in the table below, he/she must obtain pre-clearance from the Chief Compliance Officer.

The Chief Compliance Officer shall be informed of any approval decisions and will maintain a record of such approvals and keep such records available for inspection by his or her superior, the Head of Legal and/or Chief Internal Auditor.

If bank's officials receive any gift or hospitality which exceeds (on each occasion) the values in the table below, bank's officials must report it to the Chief Compliance Officer, who will maintain a record of such reports and keep such records available for inspection by his or her superior, the Head of Legal and/or Chief Internal Auditor. In the case of receipt of such gifts, the Chief Compliance Officer will decide as to whether the gift may be retained or whether it must be returned or otherwise dealt with (e.g. by donating to charity).

Region (Gift Receiving)	Afghanistan	Any other Country
Commercial party	US\$100	US\$200
Public Official	US\$ 50	US\$100

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Region (Gift Giving)	Afghanistan	Any other Country
Commercial party	US\$200	US\$300
Public Official	US\$100	US\$150

For the avoidance of doubt, the relevant limit which shall apply to any gift or hospitality which bank's officials propose to give or may receive shall be determined by reference to the country in which that gift or hospitality is proposed to be given or is received.

Travel expenses for Public Officials

From time to time directors, officers and employees of Azizi Bank may arrange for the relevant Public Officials of a country to attend certain business related meetings outside of the Public Officials' home territory.

The relevant director, officer or employee may reimburse the relevant Public Official's reasonable travel and accommodation expenses of such visits or meetings, provided that the following requirements are met:

- approval has been given in advance by the Chief Compliance Officer or an officer authorized by him;
- there is a genuine and legitimate rationale and requirement for the visit or meeting; and;
- any requirements imposed by regulations, policies or notices issued by the relevant government department in respect of such visits or meeting are observed.

As a general matter, the Chief Compliance Officer may approve the provision of travel expenses which are above the standard economy rate only where a genuine and legitimate reason is provided in writing as to why it is necessary.

No cash, spending money or other similar items (e.g. shopping vouchers) shall be provided to the relevant Public Official in connection with such trips.

Any hospitality provided to the relevant Public Official in the course of such trips shall comply with the gifts and hospitality requirements of this Policy.

The Chief Compliance Officer shall maintain a record of all travel expenses, gifts or any other expenses approved for Public Officials and keep such records available for inspection by the Audit Committee of Azizi Bank.

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4.4. Facilitation payments

A "Facilitation Payment" (sometimes referred to as "gratuity" or "grease" payment) is a payment (usually, but not necessarily, made to, or for the benefit of, a Public Official) to encourage the recipient or third party to carry out their existing obligations or role, or to expedite or refrain from performing a routine task they are otherwise obliged to do. They are also known as gratuity or "grease" payments. Examples of routine tasks may include obtaining permits, licenses, or other official documents, processing government payments (such as visas or work orders), providing police protection, mail pick-up and delivery, providing phone services, power and water supply and loading and unloading cargo -

there are many other examples. Such payments are prohibited under the laws of many countries. Azizi Bank takes a position of zero tolerance in relation to Facilitation Payments, even if they are usual according to the practice of a relevant jurisdiction or essential to get business done.

Any request by, or on behalf of, a Public Official for a Facilitation Payment must be reported to the Chief Compliance Officer, who shall immediately report it to the Chief Internal Auditor, the Head of Legal and Chief Executive Officer. The Chief Compliance Officer will maintain a record of all such reports. These shall be periodically monitored by the Head of Legal and/or Chief Internal Auditor.

4.5. Extortion

Any person to whom this Policy applies shall reject any direct or indirect request by any third party (including, but not necessarily limited to, a Public Official) for a bribe, even if Azizi Bank is threatened with adverse actions.

However, it is recognized that, in rare situations, a person's welfare and safety could be at risk if he or she fails to comply with such a request. If someone finds himself/ herself in such situation, he/she should not put himself/herself in danger and should take reasonable actions to remove him/her from a threat of imminent harm. He/ She should then promptly report the matter to the Chief Compliance Officer and give full details of any financial or other advantage which he/she was forced to provide. The Chief Compliance Officer shall immediately report the matter to the Chief Internal Auditor, the Head of Legal and Chief Executive Officer and shall maintain a record of all such reports. These shall be periodically monitored by the Head of Legal and/or Chief Internal Auditor.

5. Corruption

5.1. Meaning of Corruption

Corruption is a form of dishonesty practiced by a person entrusted with a position of authority, often to acquire personal benefit or for the benefit of the organization where he has a vested interest. It is often a dishonest or fraudulent conduct by those in power, typically involving bribery.

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Any Employee and or Associated person who shall by himself or by or in conjunction with any other person corruptly solicits or receives, or agrees to receive for himself, or for any other person, or corruptly gives, promises or offers to any person whether for the benefit of that person or of another person any gratification as an inducement shall be considered as corrupt officers.

5.2. Prohibition of Corruption

No person covered by this Policy shall offer, provide, authorize, request or indulge in corruption "corruption" (as defined in this Policy), or anything which may be viewed as a "corruption".

Azizi Bank expressly prohibits corrupt practices. This includes promising, offering, giving, solicitation or receiving of anything of value, directly or indirectly, if improperly intended to influence action or obtain an advantage.

This applies to anything that bank's officials do by himself/herself or which is done by bank's officials indirectly through a third party. The additional procedures which apply to minimize the risk of corruption occurring where Azizi Bank uses the services of a third party are set out in Section 11 below.

This Policy applies to private commercial activity and to activity involving Public Officials. There are, however, extra precautions that bank's officials must take when dealing with a Public Official.

Corrupt Practices include the following but not limited to:

- Cooking the books. i.e. altering, changing, manipulating or deleting any material document or preparing a document so as to avoid a detection
- Exercising undue influence
- Paying cash or kind to induce favoritism
- Overriding established policies & Procedures
- Loan back schemes
- Using organizational resources for Personal enrichment/benefit
- Kiting or any other similar acts which constitute corruption, fraud or bribe

6. Violations

Violations of Anti-bribery & corruption Policy & laws may result in civil or criminal fines and punishment directed at the individual or at Azizi Bank. Individuals may be subject to imprisonment for bribery offences.

In addition to violations resulting in civil or criminal penalties, breach of corruption laws in some jurisdictions may result in Azizi Bank being barred from carrying out its business or establishing a business relationship.

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The risk of bribery has to be treated very seriously. Any violation of this Policy will result in disciplinary action, up to and including dismissal in appropriate circumstances. The business relationship with non-officers/non-employees of Azizi Bank who violates this Policy may also be terminated. Any such misconduct or violations shall be dealt with as per banks HR Policies and or any other committees set up by the HR department, BOM, BOS or the shareholders. It is therefore extremely important that bank's officials must familiarize themselves with this Policy and strictly adhere to it.

7. Roles and responsibilities

Chief Compliance Officer is responsible for:

- I. Providing general guidance to Azizi Bank employees in relation to this Policy;
- II. Ensuring employees receive training as required;
- III. Approving gifts and hospitality which exceed the approval limits for commercial parties;
- IV. Approving the appointment of, or engagement with, certain subcontractors and business partners;
- V. Responding to any reported or suspected violations of this Policy in the first instance; and
- VI. Certifying to Azizi Bank's Board of Supervisors, on an annual basis, that Azizi Bank's operation in the country and elsewhere are in compliance with this Policy.

Each Azizi Bank branch covered by the Policy has a Branch compliance officer and or Zonal compliance officer who is directly accountable for the oversight of this Policy in his branch/ Zone and anti-corruption program, including in particular the procedures for appointing FMCs, liaison consultants and monitoring issues relating to Facilitation Payments. The compliance officer and Zonal compliance officers are also responsible for arranging approval from the Chief Compliance Officer for gifts and hospitality which exceeds the approval limits for Public Officials.

The Compliance Officer and or Zonal compliance officers shall periodically report to the Chief Compliance Officer of Azizi Bank on issues of general compliance with, and any

issues of concern relating to, approvals and pre-approvals given pursuant to this Policy for gifts and hospitality concerning commercial parties and Public Officials.

The Chief Compliance Officer is responsible for:

- VII. Approving all travel expenses for Public Officials; and
- VIII. Approving all political lobbying activities, charitable donations or sponsorship arrangements.

Should the Chief Compliance Officer not be available for any reason, bank's official? should contact the Dy. Chief Compliance Officer.



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8. Directors, officers and employees

8.1. Hiring

Adequate vetting of employees must take place to identify any particular corruption risk associated with an individual. Azizi Bank conducts background criminal record checks as part of its usual employment vetting processes. Depending on the context and risks associated with the role, additional checks may also be required, such as checking the individuals' financial soundness in order to identify staff members who might be more susceptible to committing or becoming involved in corrupt practices or other financial crime. Internship & hiring shall be as per the HR Policies and any violations should be monitored with utmost care to avoid the practices of corruption & bribery

New employees will be required to contractually agree to observe Azizi Bank policies, including this Policy.

8.2. Training

Appropriate training will be provided to new and existing employees depending on a risk assessment of their roles. The extent and nature of the training relevant to an employee shall be defined by the line of business or corporate group to reflect the risks facing the employee in that capacity, as well as the nature of the employee's responsibilities. The Dy. Chief Compliance Officer, under the supervision and guidance of the Chief Compliance Officer, will ensure that appropriate training is provided to employees in reference to the risk assessment.

In high risk environments, employees will receive appropriate individual or small group training to deal with potential situations where risks of bribery may arise.

The results of the training conducted must be reported routinely to the Chief Compliance Officer and records of completed training sessions must be maintained by the Dy. Chief Compliance Officer.

Subject to local employment laws, these training requirements also apply to temporary workers.

9. Being Alert

Officers, employees and Associated Persons of Azizi Bank should always be alert in relation to potential occurrences of corruption, such as the following:

- I. business operations in a country or region with acknowledged high levels of corruption;
- II. a customer or agent that has close ties with a government, government owned company or other relevant third party;
- III. abnormally high or frequent cash payments being made to clients or agents;
- IV. large payments for lavish meals or entertainment and travel expenses for third parties;
- V. pressure being exerted for payments to be made in cash, urgently or ahead of schedule;
- VI. payments being made through a third country unconnected with business being undertaken;

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- VII. private meetings being undertaken between parties involved in public procurement or with Public Officials;
- VIII. lack of transparency in expenses and accounting records of an agent or other relevant third party;
- IX. individuals who never take time off even if ill, or for holidays, or insist on dealing with a specific client or matter themselves;
- X. individuals who is having a lavish life style, frequent visits abroad;
- XI. specific interest to finalize a vendor;
- XII. Favoritism without any rationale;
- XIII. Failure of projects after implementation and or the results are not as intended;
- XIV. Economic rationale of travel, projects or any expenses whatsoever incurred by the bank;
- XV. unexpected or illogical decisions being made accepting projects or contracts;
- XVI. unusually smooth process of matters where the relevant individual does not have the expected level of knowledge or expertise;
- XVII. departure from usual tendering/contracting processes where applicable;
- XVIII. missing documents or records regarding meetings or decisions;
- XIX. company procedures or guidelines not being followed;
- XX. refusal to agree non-corruption provisions in agreements; or
- XXI. Statements that are put on notice, such as an agent boasting about his connections or recommending that Azizi Bank employees not ask how he/she is able to get things accomplished.

The presence of one or more of these situations does not necessarily prevent Azizi Bank or any Associated Person from progressing with any particular business opportunity or course of conduct. However, further guidance from the Chief Compliance Officer will be necessary as well as, if considered appropriate by the Chief Compliance Officer, further enquiries or due diligence before any further action is taken in relation to any suspicious transactions, requests or other courses of action.

10. Reporting

If a bank's official suspects that a violation of the law or of this Policy has occurred or is about to occur, or if bank's officials become aware of any suspicious, bribe, risky or corrupt conduct, bank's officials must immediately report such suspicions to the Branch Compliance officer /Zonal Compliance officer. If bank's officials are the Branch Compliance Officer/Zonal Compliance officer, bank's officials should report to the Dy. Chief Compliance Officer. If bank's official is the Dy. Chief Compliance Officer, he/she should report to the Chief Compliance Officer. If he/she is the Chief Compliance Officer, he should report to the Board of Supervisors.

Reports on BOM, BOS and of any other senior employees shall be reported by the Chief Compliance Officer to the Shareholders or a person appointed by the shareholders.

In addition to the above; any suspicion on bribery, corruption or any other matter connected thereto may be reported through the procedure laid down in the whistleblowing policy.

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No person will suffer demotion, penalty or other disciplinary action for reporting a suspected violation of this Policy or for refusing to pay or accept a bribe, refusing to participate in corrupt practices, even if Azizi Bank may lose business as a result of his/her refusal to do so.

Reports will be investigated by the Audit Head who will be assisted by others as appropriate including the Chief Compliance Officer.

Care must be taken to avoid revealing to a person that they are the subject of an anti-corruption report or that an internal investigation is being undertaken. Accordingly, all reports made under this section will be treated as highly confidential and may not be discussed with any third person without first obtaining approval from the Head of Legal.

10.1. Annual Certification by Branch Compliance Officers/Zonal Compliance Officer

Each Branch Compliance Officer/Zonal Compliance Officer shall conduct or commission a review in relation to Azizi Bank's operations in their branch on an annual basis and certify to the Chief Compliance Officer that they believe such operations have complied with this Policy. Where relevant, Compliance Officers/Zonal Compliance officers shall identify any instances of non-compliance with this Policy.

These obligations are in addition to Compliance Officers/Zonal Compliance officer's general reporting obligations as set out above.

10.2. Review by Internal Audit

Internal Audit shall conduct a review in relation to corruption risk and the adequacy of this Policy as part of its regular audit of each Azizi Bank branch and provide a copy of its findings to the relevant Branch Compliance Officer/Zonal Compliance Officer, the Chief Compliance Officer and the Chief Executive Officer.

Internal reporting and management information will enable Azizi Bank to gather feedback on the effectiveness of this Policy and its implementation and to ensure that the adequacy and effectiveness of this Policy remains optimal.

11. Agents, business partners, contractors and other Associated Persons

Associated Persons must not offer, provide, authorize, request or receive a "bribe", or anything which may be viewed as a "bribe".

An "Associated Person" means a person (including any employee, agent or subsidiary) who performs (or has performed) services for and on behalf of Azizi Bank.

Associated Person includes FMCs, sales agents, intermediaries, introducers, advisers, consultants, business and joint venture partners and contractors. It also includes Azizi Bank's permanent and

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temporary employees, personnel of contractors and all agents and business partners of any local FMC.

Azizi Bank could be prosecuted if any Associated Person bribes another person or receives a bribe from another person with the intention of obtaining or retaining any business or an advantage for Azizi Bank.

Azizi Bank could, therefore, be put at risk by the conduct of its Associated Persons. To minimize this risk, Azizi Bank will not appoint/engage Associated Persons who are perceived to be lacking in business integrity and who fail to practice ethical conduct.

Azizi Bank implements procedures to prevent its Associated Persons from engaging in bribery and to ensure that it does not use the services of any person who is at risk of engaging in bribery. These procedures must be followed at all times.

Engagements of Associated Persons which were already in existence when this Policy became effective should be promptly reviewed in a manner consistent with the procedures set out below.

For the avoidance of doubt, a "bribe" for the purposes of this Section 11 includes any Facilitation Payment.

11.1. Procedure for engaging FMCs, liaison consultants, etc.

Azizi Bank must undertake the due diligence procedures described below when appointing FMCs or liaison consultants. In appointing FMCs or liaison consultants, Dy. Chief Compliance Officer should also have regard to the matters in Section 11.3 below which deal with Associated Persons more generally.

Before appointing an FMC or liaison consultant, the Dy. Compliance Officer must complete and deliver to the Chief Compliance Officer the following information in writing:

- the particular reason for the engagement and the services to be provided;
- the proposed FMC or liaison consultant's present or prior relationship with any Public Officials (where applicable);
- by whom the proposed FMC or liaison consultant was recommended;
- the proposed fee and why the amount is justified;
- an explanation of the arrangements for payment; and
- details of any other due diligence already undertaken (including as to the ownership of any relevant corporate entities).

On receipt of the initial due diligence information outlined above, the Chief Compliance Officer will conduct an initial risk assessment and may consult with the Chief Internal Auditor/Head of Legal. If the corruption risks involved with the proposed FMC or liaison consultant are considered to be too



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high, the Chief Compliance Officer may decide to reject the proposal at this stage or to refer these concerns to the Chief Internal Auditor/Head of Legal.

Where a proposed FMC or liaison consultant is not rejected following initial due diligence, further due diligence on a potential FMC or liaison consultant must be carried out as appropriate by, or at the request of, the Chief Compliance Officer, in consultation with the Chief Internal Auditor/Head of Legal. The scope of this due diligence will be tailored according to the particular role which the FMC or liaison consultant will take on and the risks inherent in that role. In all cases, however, it is necessary for the Chief Compliance Officer to conduct due diligence, or to engage independent third party agencies to conduct due diligence, by searching relevant databases and other public services and obtaining information from the proposed FMC or liaison consultant. Such due diligence may cover:

- the proposed FMC or liaison consultant's ownership;
- the proposed FMC or liaison consultant's qualifications;
- confirm the proposed FMC or Liaison consultant's business and government affiliations, as well as family and close associates;
- investigate the proposed FMC or liaison consultant's reputation, including as to whether they have any criminal convictions, have been subjected to any criminal investigations or are otherwise associated with prior unethical business conduct; and
- obtain information from the proposed FMC or liaison consultant about any bankruptcies, tax evasion, and all litigation in respect of which they are or have been defendants.

The Chief Compliance Officer, in consultation with the Chief Internal Auditor/Head of Legal, may retain independent third party agencies or investigators, or otherwise use intelligence services available to Azizi Bank, to assist with any additional due diligence carried out with respect to a potential FMC or liaison consultant.

The Chief Compliance Officer may consult with the Head of Legal and will decide whether the FMC or liaison consultant is acceptable based on the information provided and any additional due diligence that may be undertaken.

11.2. Procedure for engaging other subcontractors and business partners

Any appointment of or engagement with other subcontractors (which do not formally act on behalf of Azizi Bank) and other business partners, such as formal joint venture partners, must be approved in advance by the Chief Compliance Officer (who shall consult with the Chief Internal Auditor or the Head of Legal, as appropriate).

The Chief Compliance Officer shall only approve such appointment provided satisfactory due diligence is conducted in relation to the proposed subcontractor or business partner and provided suitable anti-corruption contractual provisions can be put in place before or during the appointment or engagement.

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In assessing the appropriate level of due diligence or in deciding whether to approve the appointment of or engagement with any particular subcontractor or business partner, the Chief Compliance Officer may consult the Chief Internal Auditor or the Head of Legal of Azizi Bank as appropriate.

In appointing or engaging other subcontractors or business partners, Dy. Chief Compliance Officer shall also have regard to the matters in Section 11.3 below dealing with Associated Persons.

11.3. General approach to appointment of or engagement with Associated Persons

All appointments of or engagements with Associated Persons will be subject to the overriding principle that no Associated Person should be engaged by Azizi Bank if it is known or suspected that the Associated Person may engage in bribery, corruption or if the Associated Person has a reputation (whether apparently justified or otherwise) for behavior which may be prohibited by this policy or if there are other suspicious circumstances that are not satisfactorily resolved after appropriate due diligence.

The red flags to look out for in due diligence relating to Associated Persons are, in summary:

- I. warning signs relating to location, for instance where the Associated Person has no physical presence in the relevant country or where business is to be transacted in a country with a poor corruption record;
- II. transactional warnings, such as transactions which do not make economic sense or which are opaque and difficult to understand; Confidential: Strictly for internal circulation only
- III. financial warnings, such as where the Associated Person requires the payment of cash, offshore payments or unusually high payments; and
- IV. general warning signs about the Associated Person, such as suspiciously close ties to government officials, previous allegations of corruption or unethical behavior or a lack of proportionality between work done and compensation.

This list is not exhaustive and bank's officials should apply common sense in determining whether there may be other reasons for Azizi Bank not to use a potential Associated Person to provide relevant services.

All appointments must be recorded by written contract. All such contracts must contain appropriate anti-corruption provisions.

All records of documents collated relating to the decision to appoint an Associated Person, including all due diligence materials (whether or not approval was given and, in the case of a refusal, recording the reasons for such refusal) must be retained by the Chief Compliance Officer and kept available for inspection by the Head of Legal and/or Chief Internal Auditor.

No Associated Person should be paid or retained where any red flags are present, unless and until the risk of corruption or unethical behavior is resolved to the satisfaction of the Chief Compliance Officer, as appropriate.

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Where the proposed Associated Person is being engaged for services involving dealings with Public Officials, the proposed Associated Person must meet and be interviewed by (in person or by phone) the Chief Compliance Officer.

Associated Persons over which Azizi Bank has effective control are expected to comply with this Policy when acting on behalf of Azizi Bank, and all directors, officers and employees of Azizi Bank must take appropriate steps to ensure they do. These requirements must be set forth in any relevant contract.

In cases where Azizi Bank does not have effective control over such Associated Persons, for example joint venture and other business partners, it should be established whether or not the Associated Person has its own reasonably equivalent anti-corruption regulation/policies and, if not, the Associated Person should be encouraged to implement such a regulation/Policy or to apply this Policy.

Reluctance of a potential Associated Person to apply this Policy or a similar Regulation within its own organization will be a significant factor in deciding whether the potential Associated Person should be appointed.

If the bank's officials are in any doubt as to which category any particular Associated Person falls within or the particular due diligence or other appointment or engagement procedures which must be followed, please contact the Dy. Chief Compliance Officer (who may consult with the Chief Compliance Officer).

11.4. Training of Associated Persons

The Dy. Chief Compliance Officer, in consultation with the Chief Compliance Officer, shall determine whether any Associated Person of Azizi Bank requires training in relation to this Policy and anti-corruption generally based on a risk assessment.

11.5. Monitoring of Associated Persons

Associated Persons will be subject to such ongoing due diligence as is determined by the Dy. Chief Compliance Officer in consultation with Chief Compliance Officer, on their appointment based on a risk assessment or otherwise as requested by the Dy. Chief Compliance Officer, Chief Compliance Officer or the Chief Internal Auditor/Head of Legal on an ad hoc basis.

11.6. Sanctions for behavior in breach of this Policy

In the event that Azizi Bank identifies that an Associated Person may be doing business in a way which is, or risks being, in breach of this Policy, this should be reported in accordance with Section 10. Where necessary, the Dy. Chief Compliance Officer or Chief Compliance Officer, with the approval of the Chief Internal Auditor/Head of Legal, will take action to prevent further inappropriate behavior and impose any sanctions which may be available to it under the contract with that Associated Person (including, where appropriate, terminating the relationship).

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12. Political Donations, Charitable Contributions, Sponsorship and Lobbying

12.1. Political donations on behalf of Azizi Bank

Azizi Bank's funds and resources are not to be used to contribute, either directly or indirectly, to any political campaign, political organization, politician or political candidate or any of their affiliated organizations with the intention of obtaining business or an advantage in the conduct of business. Azizi Bank will not use charitable donations as a substitute for political donations.

Where political donations are not permitted under local laws, Azizi Bank shall comply with those laws. Where local laws do permit political donations, any political donations on behalf of Azizi Bank must be authorized in advance by Azizi Bank's Board of Confidential: Strictly for internal circulation only Supervisors who shall maintain a record of all such requests, such record to be regularly reviewed and updated and made available to the Head of Legal and Chief Internal Auditor for periodic review. The Board of Supervisors must be fully satisfied that any such donation is not being made for the purposes of obtaining any business or any other advantage in the conduct of business. All payments must also comply with all application laws related to political donations, including public disclosure requirements.

12.2. Lobbying

Although Azizi Bank does not directly participate in party politics, it may engage in policy debate on subjects of legitimate concern to its business, employees, customers and end users and the communities in which they operate, for example through lobbying. Any officer, employee or business partner of Azizi Bank who lobbies on behalf of Azizi Bank must comply with all requirements of applicable laws and regulations (including but not limited to complying with the laws and regulations relating to Law on overseeing the implementation of the Anti-Administrative corruption strategy and Strategy and policy for Anti-corruption and Administrative reform) and must seek prior approval from the Chief Compliance Officer (who may consult with the Chief Internal Auditor / Head of Legal).

12.3. Charitable contributions and Sponsorships

Azizi Bank and its officers and employees may make charitable contributions on behalf of, or in the name of Azizi Bank only for purposes and to organizations which can, in good faith, be regarded as charitable and not-for-profit (i.e. where no tangible benefit is received by Azizi Bank) and where the activities are aligned with Azizi Bank's business objectives, values and ethical principles. Charitable contributions must be made in accordance with all applicable laws and regulations, and Azizi Bank's policies and procedures. They should never be used as a substitute for political contributions or to camouflage bribery.



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Azizi Bank may support, sponsor and contribute to the activities of other organizations where the activities are aligned with its business objectives, values and ethical principles and where the reputation of Azizi Bank may be enhanced. Azizi Bank, as a general principle, shall only permit sponsorship which does not, and does not appear to, place actual or potential customers, suppliers or government officials under any obligations or influence such persons in a way which may render the sponsorship a bribe. Should a bank's officials wish to make a charitable contribution or agree to sponsorship on behalf of Azizi Bank, bank's officials must request pre-clearance from the Chief Compliance Officer (who may consult with the Chief Internal Auditor/Head of Legal). The Chief Compliance Officer shall maintain a record of all such requests (and any approvals) in their country of operation, such record to be regularly reviewed and updated and made available to the Head of Legal and Chief Internal Auditor for periodic review.

13. Definitions

"Associated Persons" means a person (including any employee, agent or subsidiary) who performs (or has performed) services for and on behalf of Azizi Bank. Examples of Associated Persons are set out in Section 2 and 11 of this Policy;

"Chief Executive Officer" means the Chief Executive Officer of Azizi Bank;

"Chief Compliance Officer" means the Chief Compliance Officer of Azizi Bank;

"Dy. Compliance Executive Officer" means the Dy. Chief Compliance Officer of Azizi Bank;

"Chief Internal Auditor" means the Chief Internal Auditor of Azizi Bank;

"Legal Head" means the Head of Legal Department of Azizi Bank;

"Facilitation Payment" is a payment (usually, but not necessarily, made to a Public Official) to encourage the recipient or third party to carry out their existing obligations or role, or to expedite or refrain from performing a routine task they are otherwise obliged to do. They are also known as a gratuity or "grease" payment. These can be payments to perform routine tasks such as obtaining permits, licenses, or other official documents, processing governmental payments (such as visas and work orders), providing police protection, mail pick-up and delivery, providing phone services, power and water supply and loading and unloading cargo - there are many other examples. Such payments are prohibited under the laws of many countries;

"FMC" means Facilities Management Companies. References to "FMC" "FMCs" or **"Facilities Management Company"** include the management, employees and Associated Persons of the relevant FMC;

"Government Authority" includes:

- national governments, political subdivisions or local jurisdictions;
- civil or military government agencies and their instrumentalities;
- government-owned or government-controlled associations, organizations or enterprises, including state-owned companies;

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- legislative, administrative or judicial offices; Confidential: Strictly for internal circulation only
- political parties; or
- supra-national organizations;

"Public Official" includes:

- any officer, employee or representative of, or any person otherwise acting in an official capacity for or on behalf of, a Government Authority;
- a legislative, administrative or judicial official, regardless of whether elected or appointed;
- an officer of, or individual who holds a position in, a political party;
- a candidate for political office; or
- a person who otherwise exercises a public function for or on behalf of any country; and

"Azizi Bank" means Azizi Bank and all its subsidiaries and branches operating nationwide and or worldwide unless otherwise indicated.

Should bank's officials have any queries relating to this Policy, are in doubt as to how to apply this Policy or would be subject to any direct personal conflict of interest in deciding how to apply this Policy (including in giving any approvals required by this Policy), please consult with the Chief Compliance Officer.

Should the Chief Compliance Officer have a direct personal conflict in deciding how to apply this Policy (including in giving any approvals required by this Policy), the approval of the Chief Compliance Officer's superior, i.e. Board of Supervisors must be sought.

To the extent there is any ambiguity in this Policy as to who shall approve relevant conduct; the Chief Compliance Officer shall approve the relevant conduct. In considering whether to approve such conduct, the Chief Compliance Officer may, where he or she considers appropriate, consult the Chief Internal Auditor.




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Reviewed & Recommended by Chief Compliance Officer for Approval of BOS


Mr. Ravi Ramani Iyer
Chief Compliance Officer

Approved by the Board of Supervisors in their meeting Dated 28.12.2020


Mr. Sundaram Prabhu
Chairman of the Board of Supervisors