

## **Compliance Policy of Bank Keshavarzi in Brief**

Compliance with rules and regulations is of paramount value at Bank Keshavarzi. To this end, as well as to implement the prescribed mission and vision, the bank is committed to ensuring that the activities of the bank staff are conducted in accordance with the relevant regulations, policies, procedures, standards, codes of conduct, and the highest ethical standards as adopted by the bank, such as anti-money laundering (AML) process and procedures, anti-bribery and corruption (ABC) program, know your customer (KYC), and customer due diligence (CDD) and enhanced due diligence (EDD), to name a few.

The objective of this Compliance policy is to ensure compliance risks are identified, and adequately mitigated. The bank seeks to reduce compliance risks taking into account the nature, scale, and complexity of the business. This is in alignment with the bank's strategy and the vision and is deeply connected to treating customers fairly and conducting business with high integrity. The Compliance policy is designed to meet the requirements of the Central Bank of Iran.

The compliance culture is also an indispensable part of the banking culture in Bank Keshavarzi. To strengthen it, the bank benefits from the following actions:

- Accepting noncompliance risk
- Emphasizing compliance with rules and regulations
- Continuous monitoring and supervision over noncompliance risks
- Accountability of the staff members of the bank against noncompliance risk management

The staff members of the bank are expected to promote the compliance culture via following code of conduct at the bank. The code pursues three levels of prevention, identification and measurement, and monitoring and supervision. Thus, the interaction between the staff and customers of the bank is based on fairness and reliability. If for any possible reasons the staff disobeys rules and regulations and or internal guidelines, the matter will be referred to the relevant competent authorities for further investigation and possible disciplinary consequences. Else, to expedite the process of orientation for compliance culture within the bank either at the headquarters and the branches, the

compliance unit has planned a training schedule for its own staff to deepen their compliance skills learning and general proposals for other units of the bank.

To assess noncompliance risk and in addition to the tasks and responsibilities set up for Board of Directors as well as Senior Management, the bank has established a compliance unit titled Risk and Compliance Department to serve the above mentioned purposes with special tasks and responsibilities on detection, evaluation, monitoring, and supervision of relevant risks and to report the result to the board of directors just in case. Accordingly, the unit enjoys adequate authorities, independence, and organizational position to fulfill its tasks. However, along with a large array of duties dedicated to the unit, if needed, the unit and Compliance Committee of the bank may outsource the compliance function through drawing on resourceful persons both inside and outside the bank so as to meet the tasks effectively and efficiently.

Communications between the compliance unit and other internal units of the bank are achieved by following the guidelines set forth by Central Bank of Iran and in accordance with the three lines of defense set up in place. Thus, any violations of rules, regulations, and standards are reported directly to the Board of Directors and Compliance Committee just in case. Undoubtedly, any inquiries by the external competent authorities will be furnished by relevant reports in due course. Added to the above, for the sake of further accomplishment to apply compliance at the bank, a confidential line of reporting is planned to be put in place to facilitate whistleblowers' reports. Finally, to make the necessary assessment of the noncompliance risks detected out of the aforementioned process, the relevant reports are recorded within the framework set forth on record keeping as pertains to the different lines of defense.

Last but not the least, to fulfill its tasks on monitoring, supervision, and measurement, the compliance unit has planned to set up a legal inventory in collaboration with other relevant units of the bank so that the whole staff members and the customers would be able to have access to the relevant rules, regulations, and standards alike. To this end, the legal inventory will be regularly updated by the compliance unit.