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# Code of Ethics & Code of Conduct

Bank Islam Malaysia Berhad

# CODE OF ETHICS

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# Code of Ethics

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- 1.0 The Bank adopts the Code of Ethics for the Financial Service Industry (FSI) developed by Financial Services Professional Board (FSPB) as the minimum standard of conduct expected of its Directors and employees.
- 2.0 This Code of Ethics sets out the core ethical principles to which financial institutions and its employees should adhere, both in letter and in spirit, and on which they can rely on for guidance in their decision making and conducts.
- 3.0 To ensure adherence to this requirement, employees shall be required to sign a Declaration Form, declaring their observance to the said Guidelines.
- 4.0 The breach of any of the provisions under the above mentioned Code of Ethics by an employee renders him liable to disciplinary action.

## Code of Ethics For the Financial Services Industry

Organisations and individuals across the financial services industry shall continuously uphold and abide by the following ethical principles that are vital to the achievement of a high standard of professionalism and ethics across the industry:

### **Principle 1 : Competence**

Individuals across the financial services industry shall develop and maintain the relevant knowledge, skills and behaviour to ensure that their activities are conducted professionally and proficiently. This includes acting with diligence, as well as obtaining, and regularly updating, the appropriate qualifications, training, expertise and practical experience.

### **Principle 2: Integrity**

Organisations and individuals across the financial services industry shall be honest and open in all their dealings. This includes behaving in an accountable and trustworthy manner, and avoiding any acts that might damage the reputation of, or bring discredit to the industry at any time.

**Principle 3: Fairness**

Organisations and individuals across the financial services industry shall act responsibly and embrace a culture of fairness and transparency. This includes treating those with whom they have professional relationships with respect and ensuring that they consider the impact of their decisions and actions towards all stakeholders.

**Principle 4: Confidentiality**

Organisations and individuals across the financial services industry shall protect the confidentiality and sensitivity of information provided to them. This includes using it for its intended purposes only and not divulging information to any unauthorised persons, including third parties, without the necessary consent from those involved unless disclosure is required by law or regulation.

**Principle 5: Objectivity**

Organisations and individuals across the financial services industry shall not allow any conflict of interest, bias or undue influence of others to override their business and professional judgment. They shall declare, to those concerned, all matters that could impair their objectivity.

# CODE OF CONDUCT

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# Code of Conduct

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## 1.0 Preserving Standard of Conduct and Behaviour

Every employee of Bank Islam is responsible to display the highest possible standard of conduct and behaviour at ALL times, in line with the Bank's position that upholds Islamic values and principles. The standard conduct and behaviour expected from every employee includes, but is not limited to, the following:

- 1.1 Adhere to all of the Bank's and Regulator's prevailing rules and guidelines, as well as new rules and guidelines that may be prescribed from time to time;
- 1.2 Portray decency, positive attitude and professionalism towards internal and external customers and stakeholders;
- 1.3 Fulfil his/her duties with due diligence, dedication and integrity; and
- 1.4 Safeguard the reputation of Bank Islam.

## 2.0 Prohibited Conduct

Each and every employee of the Bank is required to avoid the following:

- 2.1 Irregular business conduct which includes any criminal, fraudulent or illegal conduct, impropriety, dishonesty, theft or misappropriation of funds or property belonging or entrusted to the Bank or others. Such conduct may not only be subject to internal disciplinary action, but may also lead to criminal prosecution or civil suit.
- 2.2 Execute his/her duties in an irresponsible manner, without exercising reasonable care and due diligence.
- 2.3 Act in any way which could be construed as wilful insubordination or failure to obey to legitimate work instructions.
- 2.4 Jeopardize the Bank's reputation by being involved in any illegal or unethical activities or actions that may or could be viewed as unlawful or unethical on his / her part by the Bank's customer(s) / public at large which could be prejudicial or detrimental to the interest of the Bank



- 2.5 Any act of indiscipline which includes habitual late-comings, missing from workplace, abuse of medical leave, absenteeism and other related acts of indiscipline.
- 2.6 Hold a post in any political parties at Branch, Division, State or Central level which could jeopardise his/her position as an employee of the Bank.
- 2.7 Consume, possess, distribute or being under the influence of illegal substances, particularly while in the Bank's premises, at any Bank's function, or at any time when his/her position as a Bank's employee could be identified; and
- 2.8 Being under the influence of alcohol or drugs during working hours in quantities that may affect his/her work performance or impair his/her conduct or judgment.

### 3.0 Conflict of Interest

- 3.1 Employees are obliged to give their full commitment to their duties and responsibilities in the Bank.
- 3.2 Employees are prohibited from engaging directly or indirectly, in any business activity outside his/her employment in the Bank.
- 3.3 A “conflict of interest” occurs when the employee’s personal interest materially interferes in any way, or even appears to materially interfere with the interests of the Bank. A conflict of interest can arise when employees take actions or have interests that may materially interfere with their ability to perform their jobs objectively and effectively. Conflicts of interest may arise in a number of circumstances which include, but not limited to the following:

### 3.3.1 Outside Financial Interest

- 3.3.1.1 Where an employee has a financial interest in other companies or partnership, whether as a sole proprietor, partner, shareholder, creditor or debtor. Where such interest involve a customer of the Bank, such an interest must immediately be disclosed to his/her Immediate Superior and Human Resources. Thereafter, the employee concerned should not be directly involved in the Bank's dealings with the said customer so long as the interest continues to exist.
- 3.3.1.2 The above restriction does not apply in cases where employees have holdings of publicly quoted securities unless the Immediate Superior considers the interest to be material, and the financial interest is considered likely to impair the objectivity of the employee concerned. In any case, holdings of five (5) percent or more of the voting shares of a public quoted company would be regarded as material.

### 3.3.2 Other Business Interest

It is considered a conflict of interest if an employee conducts business other than the Bank's business during office hours. Where the acquisition of any business interest or participation in any business activity outside the office hours demands excessive time and attention from the employees, thereby depriving the Bank of the employees' best efforts on the job, then a conflict of interest also arises.

### 3.3.3 Other Employment

Employees are prohibited from engaging in other employment whilst in the Bank's employment. Any other employment will detract an employee's ability to devote full attention to his/ her responsibilities, hence in conflict with the performance of his or her duties to the Bank.

### 3.3.4 Corporate Directorships

Employees must not solicit corporate directorships or serve as a director of another corporation. However, employees may hold positions in non-profitable bodies and organisations religious, educational, cultural, social, welfare, philanthropic or charitable institutions so long as such position does not tantamount to a corporate directorship and would not require them to perform certain functions during the Bank's official business hours. No employees may be appointed as a director in any bodies, agencies, organisations or corporations except with the approval of the Board of Directors as specified under paragraph 3.5 below.

### 3.3.5 Trusteeships

Except for the estate of a direct family member, which include the parent, spouse, children and siblings, employees must not solicit appointments as executors, administrators or trustees of customers' estates that do not have any family relation to them.

### 3.3.6 Employee Relationships in the Workplace

Employee who is involved in a romantic relationship with another employee must NOT allow such relationship to influence his/her conduct and level of professionalism at work. When such relationship exists between employees in the same Division/Department, employees are required to be mindful of a situation of conflict of interest that may arise. Any romantic relationship between supervisor and team members / those who report to their team members (directly or indirectly) / within the same chain of command, are required to **be declared** to the Head of Division and/or Group Human Resources.

- 3.4 Any external activities that may potentially be in a conflict of interest should be fully disclosed to his/her Supervisor and Human Resources before the activity is undertaken.
- 3.5 Written approval of the Board of Directors is required prior to the employees accepting or retaining directorship or business interest.

- 3.6 The Board of Directors, at its sole discretion, may consider employees' request to have a business interest in or hold directorship upon satisfying all the criteria below or such other criteria as may be determined by the Board of Directors:
- a) The Employee holds directorship or has a business interest in the capacity solely as a shareholder but is not involved in the day-to-day running of the business or the Employee holds directorship, in a company that is not in direct competition with the Bank's business and is not involved in any business activity which is not shariah compliant;
  - b) The appointment will be beneficial in developing business relationship between the Bank and the company;
  - c) The appointment will be for knowledge sharing and positioning of the Bank and its employee as thought leader in the respective domain of knowledge; and
  - d) The appointment must not interfere with the employee's responsibilities at the Bank and does not require him/ her to spend a significant amount of time away from the Bank's work

- 3.7 The Bank in giving consent may further impose specific conditions as deemed appropriate on a case-to-case basis.
- 3.8 The approvals granted may be rescinded in the future if the management determines that the employee's appointment has deviated from the original intent or no longer serving the best interests of Bank Islam
- 3.9 Employees with approved external directorships or business interests must :
- a) not be involved in the day-to-day business activities of the company;
  - b) not use information or knowledge on the Bank which is not public to gain unfair advantage for the company;
  - c) abstain themselves from any discussions or deals on matters affecting Bank Islam;
  - d) declare to the Bank any compensation, fee or benefit received as a result of the position;



- e) obtain a fresh approval if there has been a material change to the nature or the terms of the external directorship or any subsequent appointment to the subsidiary of the company; and
- f) use their annual leave to attend meetings or events of the company if it falls under the Bank's working hours.

3.10 Employees are required to declare, as soon as it is made known to the employee, when any immediate family members of the employee enter into business dealings with the Bank or has any direct or indirect interest in any company that has business with the Bank. Immediate family members are defined as spouse, child (inclusive of step or adopted children and the spouse of each children), father, mother, siblings (inclusive of spouse of each sibling) and any other financially dependent person of an employee and his/her spouse.

## 4.0 Misuse of Position

- 4.1 Employees must not use the Bank's name or facilities for personal advantage in political, investment or retail purchasing transactions, or in similar types of activities. Employees and their relatives must not use their positions in the Bank to borrow from, or become indebted to, customers or prospective customers. The use of position to obtain preferential treatment, such as in purchasing goods, shares and other securities, is prohibited.
- 4.2 Employees must not use the Bank's facilities and influence for speculating in commodities, gold, silver, foreign exchange or securities, whether acting personally or on behalf of friends or relatives. Employees should not also engage themselves in "back-scratching" exercises with employees of other financial institutions to provide mutually beneficial transactions in return for similar facilities, designed to circumvent these ethical guidelines. Such misuse of position may be grounds for dismissal.
- 4.3 Employees must not use the Bank's facilities to access customer's information for personal use. An employee should recognize his responsibility to protect and conserve customer's information and to make an honest effort to use official time and Bank's property only for official business.

## 5.0 Protecting the Bank's Assets and Property

- 5.1 All employees are required to protect the Bank's assets and properties from theft, fraud, harm, loss or misuse, especially those that are in their custody or responsibility.
- 5.2 Employees are fully responsible to reimburse the Bank for any monetary loss as the result of their negligence or unauthorised act, failing which legal action may be taken against them.

## 6.0 Pecuniary Embarrassment

Employees are expected to manage their financial affairs well and should avoid from causing him/herself to be in serious pecuniary embarrassment which may jeopardise his/her work performance and the Bank's reputation. An Employee will be categorised as causing him/herself to be in serious pecuniary embarrassment in the following instances:

- a) The employee is a judgement debtor. For so long as the judgement debt remains unsettled and a stay of execution has not been granted; or
- b) Declared as a bankrupt.

## 7.0 Publications and Press Statements

- 7.1 Employees are prohibited from publishing a book, newsletter or any form of publication using official information obtained from the Bank for monetary benefits, unless written permission from the Management has been obtained.
- 7.2 Employees are also prohibited from making press statements to the public or issuing any comments either in the newspapers, television or in any form of mass media and communication on behalf of the Bank without prior approval from the Management.
- 7.3 If such comments are made in the employee's personal capacity, the employee concerned must refrain from identifying himself as an employee of the Bank.

## 8.0 Usage of Social Media

- 8.1 Employees are required to be mindful when using social media such as, but are not limited to Facebook, Twitter, Instagram, Blogs, YouTube, Google+, LinkedIn, WhatsApp and Telegram, that they do not disclose confidential information about the Bank's business or its customers and is not allowed to spend excessive time on social media during the working hours.
- 8.2 Employees are also prohibited from posting and making commentaries that would adversely affect the image and reputation of Bank Islam.
- 8.3 If such comments are made in the employee's personal capacity, the employee concerned must refrain from identifying himself as an employee of the Bank.

## 9.0 Confidentiality of Customers' Information

- 9.1 The Bank should strictly observe the duty of confidentiality on customers' (and former customers') personal financial affairs and shall not disclose details of the customers' information to any third party, other than the following three (3) exceptional cases permitted by law:
- a) Where it is required by law or pursuant to a Court's Order;
  - b) Where the disclosure is made at the request or with the consent of the customer;
  - c) Where the disclosure is permitted pursuant to Section 146(1)(b) of the Islamic Financial Services Act (IFSA).
- 9.2 An Employee must act in accordance with the Bank's internal guidelines and procedures when dealing with any request for customers' information. In the event of uncertainty, guidance from the Bank's Compliance Division is to be sought before releasing the information.
- 9.3 The duty of protecting the confidentiality of customers and counterparties' information shall continue even after the employment of the employees have ceased.

## 10.0 Anti-Bribery / Accepting Gifts / Entertainment

This clause shall be read together with the Group Anti-Bribery and Corruption Policy (“GABCP”) AND the Group Gift Policy (“GGP”).

10.1 Employees shall treat customers fairly and should not make use of their position in the Bank to solicit for rewards or receive favours from the Bank’s customers in exchange for the following:

- a) For granting the customers with any banking services offered by the Bank.
- b) For granting the customers with favourable banking terms and conditions.
- c) By not taking appropriate actions on the customers’ delinquent accounts

- 10.2 The above is applicable to all employees especially employees with individual or joint Discretionary Power (DP) holders and Members of the Financing Committees.
- 10.3 Any misuse of position in return for rewards and favour is tantamount to an act of bribery. Employees should not solicit or receive the following from customers and/or third parties (vendors, service providers, outsourcing providers, public officials, statutory bodies, business associates, etc) or brokers for their own benefits, relatives, friends or other parties:
- a) Favours or kickbacks.
  - b) Preferential or concessionary offers.
  - c) Monetary rewards or gift of any form – including cash, bond, negotiable securities, personal financing, airlines ticket, discount or use of vacation or other entertainment facility or property.
  - d) Borrow money or become indebted.

Any potential breach of this clause shall be reported directly to the Deputy Chief Integrity Officer / Group Chief Integrity & Governance Officer or through the whistle blowing channel as provided in the Group Whistleblowing Policy.



- 10.4 Any permissible gifts received that carry a value of up to RM300 must be declared to the immediate supervisor for verification and thereafter to be reported to the Branch Manager / Regional Director / Department Head / Division Head for approval which a copy of the declaration must be submitted to Integrity & Governance Department for notification. While permissible gifts with a value of more than RM300 must be verified by the immediate supervisor and subsequently to be reported to the Deputy Chief Integrity Officer or in his/her absence, the Group Chief Integrity & Governance Officer / Group Chief Compliance Officer for approval within 7 working days of such events occurring. This clause shall be read collectively with the prevailing Group Gift Policy. In the event of any discrepancy between the terms in this Code of Conduct and the Group Gift Policy, the latter shall prevail.
- 10.5 Employees are required to notify the Deputy Chief Integrity Officer / Group Chief Integrity & Governance Officer should any customer, counterparty and broker offers them any personal gifts, favours or services that may be seen as an attempt of bribery. The report can be made directly to the parties or through the whistle blowing channel as provided in the Group Whistleblowing Policy.

- 10.6 Any employee who is engaged in giving religious talk/trainings / lectures / tutors or others for external entities on his professional or personal capacity shall be required to obtain written approval from Group Chief Human Resources Officer before being engaged in such activity. In the event that the activities render the employee to receive gifts or token including honorarium, it must be declared to Group Chief Human Resources Officer to decide on the treatment of the gifts whether it is Bank's property or personal entitlement. However, employee shall not accept gifts in a form of cash or cash equivalent for activities engaged under professional capacity.
- 10.7 Any employee who receives complimentary invitation from customers and/or third parties (vendors, service providers, outsourcing providers, public officials, statutory bodies, business associates, etc) or brokers to participate in conferences, seminars, trainings etc. shall refer the matter to Group Human Resources. Approval from Group Chief Human Resources Officer is required before accepting the invitation for programme with a value up to RM20,000 whereas approval from the Group Chief Executive Officer is required for programme with a value of beyond RM20,000.
- 10.8 The Bank may report to the Malaysia Anti-Corruption Commission (MACC) should there be any evidence that an employee is believed to have committed an act of bribery. This, however, does not eliminate the Bank's right to take internal disciplinary action against them.

## **11.0 Discrimination and Harassment**

- 11.1 Every employee is entitled to work in a safe and conducive environment. The Bank shall not condone any kind of behaviour that humiliates or intimidates others which may be construed as inappropriate, or that may create a hostile or offensive work environment based on but are not limited to a person's race, gender, religion, marital status and others.
- 11.2 The Bank views any form of discrimination or harassment as a serious offence and stern disciplinary action shall be taken against any staff found guilty of committing the offence.

## **12.0 Dress Code**

Employees are required to dress professionally and appropriately during working hours in line with Bank Islam's Professional Dress Code. The Code provides employees with guidance on what is appropriate for work.

## 13.0 Raising Unethical Conduct

- 13.1 Each and every employee is expected to report any suspected violation of the Code. All employees have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site.
  
- 13.2 The Bank is committed in protecting any employee, customer and stakeholder from any form of retaliation or victimisation for reporting in good faith, a possible violation of the Code.