



GULF REGION WIDE STUDENT CASE STUDY COMPETITION

2021

Student-Authored Case Studies on:
INTEGRITY PRACTICE: ANTI-MONEY LAUNDERING COMPANY

THE PEARL INITIATIVE SERIES ON GOOD CORPORATE PRACTICES IN ACCOUNTABILITY AND TRANSPARENCY

A CASE STUDY REPORT ON EXAMPLES OF COMMENDABLE CORPORATE PRACTICES ACROSS THE GULF REGION IN RELATION TO:

- Anti-corruption policies
- Third-party due diligence
- Ethical labour practices
- Anti-money laundering

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ACKNOWLEDGEMENTS:

We would like to express our gratitude to Siemens for their support of this report and their commitment to promoting improved corporate integrity practices across the Gulf region, as well as to our esteemed judging panel, who kindly gave up their time to score and judge the case study submissions received, with the following members of the panel:

Baker Sindi - Sr. Manager, Compliance Programs
MEA - SABIC

FURTHER WE WISH TO EXTEND OUR GRATITUDE TO:

- All the participating universities.
- The faculty and staff for motivating and supporting the students and reviewing their work.
- The students who participated in our competition.
- The organisations that assisted the students with their research and participated as case study subjects.

DISCLAIMERS AND REPORT LIMITATIONS:

The enclosed case studies are the outcome of student engagement initiatives with the mentioned companies and does not necessarily represent or reflect the views of the Pearl Initiative, its Board of Governors, Partners staff or any other individuals referenced or acknowledged within the publication.

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STUDENT-AUTHORED CASE STUDIES ON:
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FOREWORD

As part of the Pearl Initiative's report series on Integrity practice: Anti-money laundering company, we are pleased to present the top case studies from the 2021 Pearl Initiative Gulf Region Wide Student Case Study Competition.



In line with the Pearl Initiative's mission and vision to promote accountability and transparency, our Student Case Study Competition was launched in 2013 with a mandate to engage students across the Gulf region as the business leaders of tomorrow. The objective of this endeavor is to get them acquainted with workplace corporate best practices and to supplement their academic knowledge on business ethics. It also aims to inspire students in understanding the value of adhering to and applying principles of integrity, ethics, governance, transparency, and accountability as future business leaders.

The presented case studies are provided by the students and participating organisation on a voluntary basis, and to the best of our knowledge offer factual insights into how these organisations apply and implement best practices in accountability and transparency. By publishing these case studies, we hope to:

- Add to the regional body of knowledge about - and research into - the application of improved standards of corporate integrity,
- Enhance transparency about the way in which Gulf region organisations operate and what they do, providing guidance to regional businesses establishing, or considering the application of improved standards of corporate governance and integrity, and
- Provide a useful reference point for peer review among Gulf region organisations on best practices in business ethics.

The 2020-2021 iteration of the competition saw the participation of 80 students from 7 leading universities across the Gulf region, who collectively submitted 25 case studies. To date, across four annual Gulf Region Wide Student Case Study

Competitions, we have received a staggering total of 475 case studies engaging over 1,300 students and 40 universities. These statistics demonstrate the value that the competition has for both students and companies, and the utility of marrying these two groups in a union that celebrates achievement, growth, and development.

I would like to take this opportunity to thank all the participants of the competition as their submissions have been extremely valuable for documenting and increasing awareness of corporate accountability and transparency practices across the Gulf region. We would also like to take this opportunity to also extend our gratitude to the champions and professors at the participating universities, who guided their students through the process of building and writing these case studies on the organisational implementation of corporate best practices.

On a final note, I would like to take the opportunity to thank the Pearl Initiative's partners for being stalwart partners of the Pearl Initiative. We appreciate your continuous support of our organisational activities, as well as your commitment to our mission of promoting a robust culture of accountability and transparency in the business realms of the Gulf region.

With the support of regional academic institutions, students, and businesses, we look forward to hosting the fifth edition of the Gulf Region Wide Student Case Study Competition to be launched in February 2022.

Ranya's SIGNATURE

Ranya Saadawi
Executive Director
Pearl Initiative

INTRODUCTION

'Trust' is a term that tends to be a cliché with most corporate communications, but when an organisation's global history spans over two hundred years combined with their local and regional history, experience and partnerships, we tend to take pride in the fact that we are 'trusted' advisors.

For us, trust is built with a blend of integrity, ethics and quality, based on a knowledge platform that prioritises risk management, due diligence and compliance at the highest level. While we focus on all our stakeholders, we do not lose sight of the fact that we ourselves are a stakeholder for the government, marketplace, and communities we live and operate within.

With the world undergoing a rapid evolution of what was once believed as 'acceptable', it is critical for students as our 'future generation of business leaders' to understand that standing up for 'what matters' does not impact their growth but defines who they are. As our future, the youth have a responsibility to not just build trust through their actions and initiatives but will also have to understand the cost of 'inaction' within their organisations and communities.

The Pearl Initiative as an organisation drives the value of ethics, integrity, accountability, and transparency across the region in the Middle East. Businesses and leaders across the region are also increasing their emphasis on these critical values at an organisational level. Given the young minds I have had the opportunity to interact with in the course of my profession, I believe they have a strong moral compass, and they will need to understand the positive impact they could create within the marketplace if they remain true to these values.

ABOUT THE COMPETITION

The Pearl Initiative Student Case Study Competition for 2021 was open to both undergraduate and postgraduate students enrolled at accredited universities across the Gulf region.

Under the supervision of a faculty member, teams of up to 3 students were invited to submit case studies in Arabic or in English, documenting and showcasing Gulf based organisations that have implemented examples of best practices around one of the following integrity-related areas:

- Anti-corruption policies
- Third-party due diligence
- Ethical labour practices
- Anti-money laundering

The case studies could showcase any corporate organisation based in the Gulf region, including state-owned entities, listed companies, private companies, family businesses, and small to medium-sized enterprises.

As part of the process of building such case studies, student teams were expected to conduct primary and secondary research on the respective organisations. A key requirement for developing the case studies was that the studies directly contacted and liaised with their chosen companies to conduct interviews with executives in charge of particular integrity-related policies and practices within the organisation.

Each team is provided with comprehensive guidelines on the process. The format for the submission of case studies requires that the following key points are adequately addressed and included:

1. Description of the Company
2. Description of the integrity-related practice
3. Process of policy development
4. Process for embedding and implementing the practice within the organisation
5. Identification and reporting of issues
6. Enforcement of the policy
7. Lessons learned surrounding the implementation and application of the policy

JUDGING THE CASE STUDIES

The Pearl Initiative provides a deadline for the submission of all case studies.

Once the Pearl Initiative has received all case study submissions, they internally rank them against a defined matrix shortlisting the top 5 case studies as per the guidelines.

The top ten 5 studies are then anonymously shared with a judging panel to objectively score and rank against a defined set of criteria.

The competition judging panel on this occasion comprised of:

Baker Sindi - Sr. Manager, Compliance Programs
MEA - SABIC

We would like to thank our judging panel for their key role in contributing to the competition and their support in encouraging the leaders of tomorrow by taking the time to go through and assess the submissions.

AWARD CEREMONY

Considering the COVID-19 pandemic, the Pearl Initiative hosted a virtual award ceremony to honour the winning case studies and their authors. It was unable to host an in-person event as it has done in previous years. The event was held on year 2020-2021 and was attended by students and faculty members from universities across the region, as well as executives from leading Gulf-based companies.

EXECUTIVE SUMMARY

OVERVIEW OF THE CASE STUDIES

This report showcases the five best case studies submitted during the 2021 Student Case Study Competition by students from leading universities across the Gulf region. Please note that case study 4 & 5 both tied at 4th place in this year's competition as per the ranking of the judges.

CASE STUDY TITLE	STUDENT AUTHORS	PROFESSOR & UNIVERSITY
Anti-Money Laundering at Bank of Baroda	Muskan Karamchandani Manpreet Kaur Terlok Singh Aniruddh Gajeshwaran	Mariam Aslam, Middlesex University Dubai
Ethical Labour Practices at Oman Refreshment Company	Reem Ahmed Hamdan Al-Hamdan Juhaina Hamood Salim Al- Shibani Isra Abdul Khaliq Mohammed	Dr. Stephen Aro-Gordon, Muscat College, Sultanate of Oman
Integrity-related Practices at Baskin Robbins	Alia Tariq Al Eghfeli Sara Maher	Bistra Boukareva, Higher Colleges of Higher Technology
Anti-Money Laundering at the Commercial Bank of Dubai	Divyansh Rakesh Sharma Ramona Karen Menezes Yvette Jessica Yashavantha	Mariam Aslam, Middlesex University Dubai
Anti-Money Laundering at Emirates NBD	Nikhil Nandakumar Darsh Anilkumar Achary Deepthi Jacob	Mariam Aslam, Middlesex University Dubai

KEY FINDINGS OF THE CASE STUDIES

CASE STUDY 1 Anti Money Laundering at Bank of Baroda

This case study focuses on Bank of Baroda's anti-money laundering policies. The policies require employees to have a basic understanding of policies surrounding Anti Money Laundering (AML), as well as awareness surrounding procedures to detect, prevent and report money laundering. This case study discusses Bank of Baroda's structured AML process, which is embedded in the organisations day-to-day activities to make compliance measurement and policy adherence easier.

CASE STUDY 2 Ethical Labour Practices at Oman Refreshment Company

This case study sheds light on the development and implementation of ethical labour practices (ELPs) at Oman Refreshment Company (Oman REFCO), a leading, public-quoted manufacturing firm in the Sultanate of Oman. The case study takes ethical labour practice seriously, and their methods are in line with the International Labour Organization's (ILO) guidelines, as well as the Ministry of Labour's laws and regulations and the Sultanate's Labour Law.

CASE STUDY 3 Integrity-related Practices at Baskin Robbins

In the instance of Baskin-Robbins in the UAE, a whistle-blower policy promotes a positive work environment, increases employee happiness, and improves the company's market reputation. The case demonstrates how Baskin-Robbins management works with individuals (who have committed misconduct) to help them in understanding and learn from their mistakes. Employees are permitted to modify their unprofessional behaviour with management's assistance and direction.

CASE STUDY 4 Anti-Money Laundering at the Commercial Bank of Dubai

This case study discusses how anti-corruption policies and practices are a vital part of operational ethics. The case study notes that the policies are mandatory and applicable to all business functions in the organisation. The case focuses on the implementation of more stringent rules, which has become an urgent requirement. To thrive ethically, it must adhere to its legal and regulatory duties, with the primary objective being compliance. Thus, CBD's Compliance department's goals focus around preserving the interests of its clients and the bank, displaying integrity, and demonstrating good corporate citizenship.

CASE STUDY 5 Anti Money Laundering Practices at Emirates NBD

This report highlights the numerous approaches taken by Emirates NBD to mitigate and identify money laundering within the organisation. The case study focuses on the AML policy that is being practiced in line with the rules and regulations of the AML regulations as enforced across the UAE. The report details the process of implementing the policies using tools that identify, analyse, and expose risks of money laundering by curating data. The crux of the report is focused on how these procedures converge to form a cohesive AML policy.

CASE STUDY 1

ANTI-MONEY LAUNDERING CASE STUDY AT BANK OF BARODA

Company Name	Bank of Baroda
Headquarters	Alkapuri, Vadodara, India
Sector	Financial (Banking)
Number of employees	316 (2020)
Annual Revenue	AED 35 Billion



COMPANY DESCRIPTION

Bank of Baroda is an Indian state-owned International banking and financial services company headquartered in Vadodara (earlier known as Baroda) in Gujarat, India. It is the second-largest bank in India, next to the State Bank of India. They have a corporate office in Mumbai. Bank of Baroda's Regional Back Office in UAE is located in Bur Dubai, Dubai.

KEY MILESTONES

The bank, along with 13 other major commercial banks of India, was nationalized on 19 July 1969, by the Government of India and has been designated as a profit-making public sector undertaking (PSU).

Bank of Baroda started its overseas journey by opening its first branch way back in 1953 in Mombasa, Kenya. Since then, the Bank has come a long way in expanding its international network to serve NRIs/PIOs, Indian Corporates around the world and to meet the banking requirements of the local population in the country of operation. The Bank has transformed into 'India's International Bank.'

The Bank has a significant international presence with a network of 104 branches/offices in 24 countries including 60 branches/offices of the Bank, 43 branches of its 8 subsidiaries, and 1 Representative Office in Thailand. The Bank also has joint venture in Zambia with 27 branches and joint venture in Malaysia having 1-branch in Kuala Lumpur

The Bank has a presence in the world's major financial centers i.e., New York, London, Brussels, Dubai, Hong Kong, and Singapore.

Bank of Baroda is pursuing an ambitious overseas expansion plan and is in the process of identifying/opening more overseas centers for increasing its global presence to serve its 60 million global customers in a still better way. The bank is further expanding the branch network in UK, UAE, Kenya, and Ghana, etc.



DESCRIPTION OF INTEGRITY-RELATED PRACTICE

The goal of many criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardizing their source. (Financial Action Task Force, 2020)

Financial institutions are more vulnerable to money laundering and criminal financing. They need to make sure that the transactions are fair and risk-free. What makes this more important is the many types of risk a bank face. Bank of Baroda has identified its risks as follows:

- Client risk
- Product risk
- Channel risk
- Geographical risk (The Wolfsberg Group, 2019)

Their policy aims to tackle all these risks. Thus, they need to have a policy and procedures that can identify and eliminate threats that result in these risks faced by the bank. Their policy needs to be able to effectively identify customers, monitor transactions, monitor employees, assess potential risks, and train the management and employees.

Bank of Baroda has an Anti-Money Laundering (AML) Combat the Financing of Terrorism (CFT) policy that is regularly reviewed by their Compliance committee. Bank of Baroda has a dedicated compliance department that is responsible for the revision and updating of AML policy.

The policy is in line with Financial Action Task Force Standards and strictly adheres to the guidelines of the UAE Government and the Central Bank of UAE. Bank of Baroda has its Know-Your-Customer (KYC), Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), Risk Assessment and, Customer Onboarding and Know Your Employee (KYE) procedures to combat Money Laundering and Terrorist Financing. Bank of Baroda identifies that the policy is dynamic and change according to the situation.

Hence, they also have an Employee Feedback procedure, to help employees voice their ideas and concerns, and contribute towards policymaking.

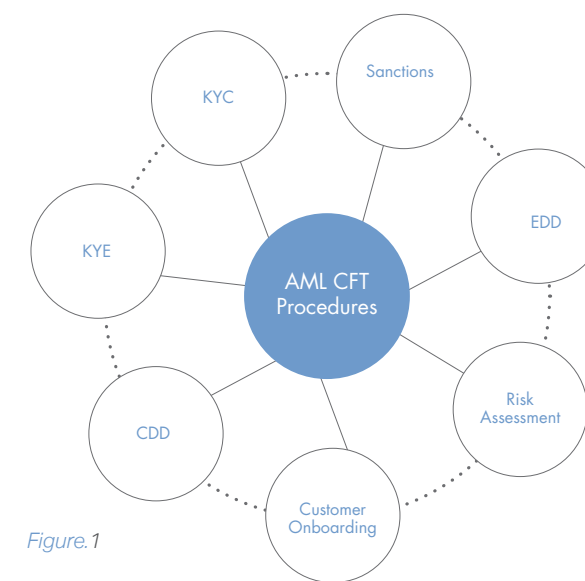


Figure.1

Bank of Baroda adheres to this policy due to the following reasons:

- The Central Bank of UAE mandates for all financial institutions to have their own AML CFT and Sanctions Policy
- The policy is important as they deal with a huge number of transactions and different customers every day
- They believe in the value of being responsible for the society
- They consider the policy as a way towards success, rather than a burden. The policy uses the following regulations as the basis:
 - Article 2 of the **Federal Decree-law No. (20)** of 2018
 - Article 13 of the **Federal Decree-law No. (20)** of 2018
 - Article 16 of the **Federal Decree-law No. (20)** of 2018 (Ministry of Finance, 2018)
 - **Federal law 9** of 2014(AML amendment Law)
 - **Central Bank of UAE** Circular No. 24/2000 dated 14/11/2000 "Regulations Concerning Procedures for Anti-Money Laundering"
 - **Central Bank of UAE** Notice No. 2922/2008 dated 17/6/2008 "Addendum to Circular 24/2000- Regulations Concerning Procedures for Anti-Money Laundering". (Central Bank of UAE, 2008)



POLICY DEVELOPMENT

Any financial institution needs to develop and update its policy and procedures.

Bank of Baroda has formed and updated its AML CFT and Sanctions policy over a long period. Their UAE policy is based on its Indian policy, but changes and updates are made according to the Central Bank of UAE guidelines. The policy has been adhered to since its incorporation in the UAE. The policy is revised every 2 years for changes. The Zonal Compliance department is responsible for the implementation of the policy in every branch in their zone.

The Compliance committee headed by the Chief Executive and Compliance officers meets monthly to analyze threats or additions to the policy. Apart from the meeting, The Chief Compliance Officer and the Money Laundering Reporting Officer (MLRO) are responsible for finding and analyzing additions to the policy. They also check their Compliance with the Central Bank of UAE Guidelines and other guidelines provided by the UAE law and other International Standards (Bank of Baroda, 2018). The process is shown in figure 2:



Figure.2

If any employee finds any additions are relevant, then the suggestion is sent to the Public Relations (PR) department for review. If it is found relevant then the PR department formulates the suggestion in form of a document, the process is shown in figure 3:

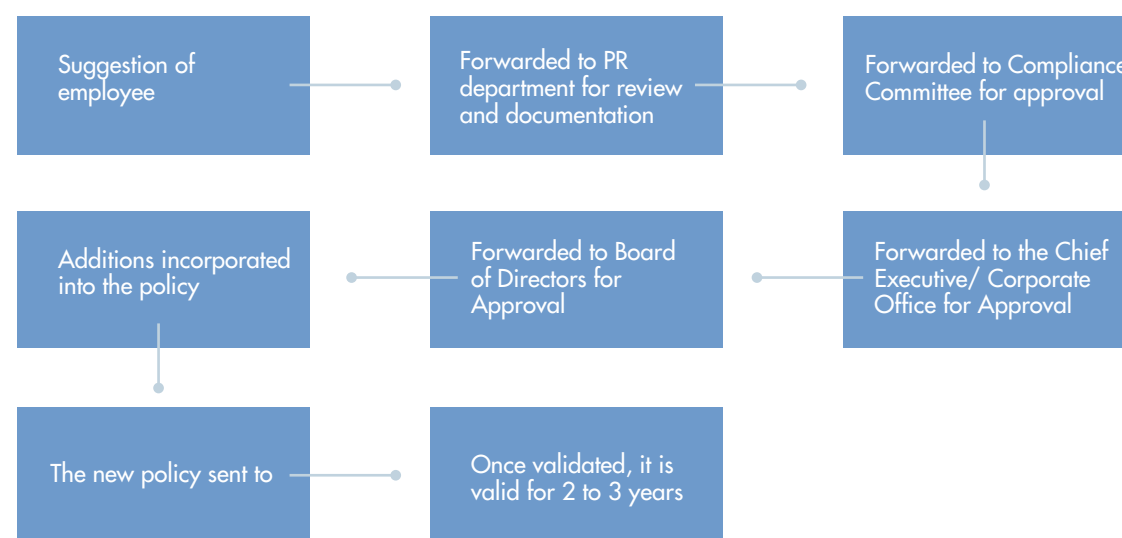


Figure.3

CUSTOMER ONBOARDING POLICY

The Customer Onboarding policy consists of It is also mandatory for customers to provide their Visa, Emirates ID, and Passport before the account opening. These documents are physically checked by the operation in charge. The policy requires that the customer provide accurate information. The information is collected is reviewed before completing the onboarding process.

RISK ASSESSMENT

Bank of Baroda classifies the risk of a customer based on their source of fund and wealth, expected activity based on customer identification, nature of business or employment, and purpose and nature of the relationship with the bank (The Wolfsberg Group, 2019). They are classified as low, medium, and high. The high-risk accounts are continuously monitored for suspicious transactions, while both the high-risk and medium-risk accounts are subject to periodic review.

Bank of Baroda has identified the following accounts as high-risk accounts:

- 1) Accounts of Customers belonging to high-risk countries as per FATF public statement
- 2) Exchange House accounts
- 3) Free zone accounts
- 4) Offshore companies accounts (Bank of Baroda, 2020)

KYC POLICY

Bank of Baroda describes their KYC Policy as "the process involves making reasonable efforts to determine true identity and beneficial ownership of accounts, source of funds, nature of customer's business and reasonableness of operation in the account about the customer business." (Bank of Baroda, 2020)

Bank of Baroda uses CDD in the form of collecting data. Data is collected every year and matched with the original documents or information provided during the form opening. The collected data is reviewed by the operation in charge and the Compliance department. The data collected is confidential to the Bank and the customer. The beneficial ownership of funds is identified using the CDD.

The KYC Policy uses EDD to monitor customers. EDD is done on high-risk accounts. Bank of Baroda thoroughly checks the source of funds for each transaction to identify current or potential threats to the integrity of transactions. The accounts are reviewed on a half-yearly basis. The bank has the right to terminate any contract with customers due to fraudulent or suspicious activity. Bank of Baroda also identifies that politically exposed persons or relatives or friends of politically exposed persons are high-risk accounts, so EDD is conducted on them also.

SANCTIONS

Bank of Baroda restricts accounts that may be a current or future threat to the integrity of the bank. The bank uses a mix of automated and manual methods to impose sanctions on certain accounts and to make sure those sanctions are adhered to. (The Wolfsberg Group, 2019)

All customers are screened before the onboarding process. The screening is done based on the beneficial ownership information given by the customers and compared with the Sanctions list. Cross-border transactions are monitored using a purely automated function. (The Wolfsberg Group, 2019)

Bank of Baroda does not allow fictitious and anonymously named accounts, accounts with unlicensed banks, and accounts with a relationship with shell banks. Bank of Baroda also does not deal with entities providing services to unlicensed or shell banks and prohibits opening and keeping of accounts for section 311 designated entities. Bank of Baroda has a detailed program that helps to monitor and screen transactions, CDD, and Politically Exposed Personnel identification. (The Wolfsberg Group, 2019)

Bank of Baroda adheres to the Wolfsberg group payment transparency standard and FATF recommendation 16. Along with this, the bank uses the following sanction lists in its screening process account:

- 1) Consolidated United Nations Security Council's Sanctions List
- 2) United States Department of Treasury's Office of Foreign Control
- 3) Office of Financial Sanctions Implementation HMT
- 4) European Union Consolidated List
- 5) Lists mentioned by other G7 member countries (The Wolfsberg Group, 2019)

KYE POLICY

Bank of Baroda aims to mitigate every possible threat to integrity. They require that staff information must be collected and stored in a database. This policy aims to increase transparency inside the organization. The KYE is done through surveys. The policy seeks to be able to identify employees, their strengths, and their weaknesses.

Any financial institution needs to develop and update its policy and procedures.

Bank of Baroda has formed and updated its AML, CFT, and Sanctions policy over a long period. Their policy is based on its Indian counterpart, but changes and updates are made according to the Central Bank of UAE guidelines. The policy has been adhered to since its incorporation in the UAE. The policy is revised every 2 years for changes.

Bank of Baroda does not publish its AML, CFT, and Sanctions policy as it is for internal use.



PROCESS FOR EMBEDDING THE PRACTICE WITHIN THE ORGANISATION

The AML policy of the Bank of Baroda is documented and reviewed regularly by the corporate office, compliance officer, and the board of directors. The policy is also validated by their headquarters in India. Thus, they have a document explaining the policy, actions to be taken, and responsibilities discharged.

The following representatives oversee the implementation of the policy in the Bank of Baroda:

- 1) Compliance Officer and MLRO (Money Laundering Reporting Officer) – He/she is overall in charge of AML and CFT in the region. He needs to ensure regulatory, and bank's internal compliance policy is met. He engages with the corporate office to add new guidelines to the existing policy.
- 2) Manager (Fraud Monitoring Cell) – He/she is responsible for identifying gaps and risks in the current policy and implementing the

controls revised by the corporate office and compliance officer. He/she is also responsible for investigating malpractices and creating case studies on identified malpractices to further educate staff.

- 3) Compliance Manager (Trade Finance) - He is responsible for overseeing cross-border transactions of goods and money. He is responsible to oversee the compliance of FATF/OFAC/EU standards. He is responsible to identify and create controls to counter malicious transactions. He visits each brand for monitoring of trade finance and checks whether all guidelines are being followed.
- 4) Compliance Manager and AMLRO (Assistant Money Laundering Reporting Officer) - They are required to monitor and test new or existing compliance procedures. They are also responsible for maintaining the Web-Based Compliance System of Bank of Baroda and investigate/close AML alerts created by the system. (Bank of Baroda, 2018)

In the UAE region, the compliance structure of the Bank of Baroda is shown in figure 4:



Figure.4

Every staff must read and understand Bank of Baroda's AML, CFT, and sanctions policy. Where the employee is unsure or has any doubts, they are free to take the help of the branch Compliance officer. Every new staff that is recruited has a provision period of 6 months. In this period, they are provided with guidelines and circulars regarding policy and procedures.

Bank of Baroda provides mandatory training to new and existing employees. The training is in the form of meetings and video sessions. The Compliance department is responsible for educating the employees on the latest developments or training them on appropriate AML and CFT actions regularly. During the training, employees are presented with case studies to further broaden their vision. A high level of concentration is given to employees as each training session is attended in groups of 10 to 15 employees so that the trainer can give equal attention to all employees present.

Moreover, the policy is carried forward in the day-to-day activities of the bank in the form of Standard Operating Procedures (SPOs). The SPOs are made to make sure that the employees do not deviate to actions that may bring harm to the Bank of Baroda or its customers.

Bank of Baroda uses the help of a state-of-the-art system to help them trace suspicious transactions. The software is regularly updated with changes in the AML, CFT, and Sanctions' policy. The software monitors every transaction and reports their adherence to the principles mentioned in the policy.

The main challenge faced by the Bank of Baroda while following this policy is to balance customer retention by fulfilling their demands and protecting the values put forward by their policy. This challenge is taken care of by issuing strict rules that the policy must be favored over customer demand in case there is friction between the two.



IDENTIFYING AND REPORTING ISSUES

Bank of Baroda gives significance not only to the developing of its policy and implementing them but also periodically focusing on AML, CTF, and Sanctions issues. The function focuses on detecting suspicious transactions and takes suitable actions against them:

- Develop a Know Your Customer (KYC) program: Customer identification requirements, identification of High-Risk Businesses and accounts, profiling of customers, identification of politically exposed persons.
- Enhanced Due Diligence (EDD) process for high-risk accounts.
- Monitoring of account activities.
- Procedures to review and report suspicious transactions to management and government authorities.
- Staff training to increase money laundering awareness.
- Quality Assurance/Internal Audit Review Program.
- An experienced Anti-Money Laundering Compliance Unit.
- Close interaction with law enforcement, Central Bank of UAE, and regulators. The four steps are:
 -
- Screen for suspicious activity indicators
- Getting relevant information through documents and questions
- Find out the customer's record
- Evaluate all the above information.

If still suspicious or unsure, make a Suspicious Transaction Report. The following are the requirements of the Central Bank of UAE:

- All banks and other financial institutions are required to inform the Central Bank of the UAE, rather than any other party, of any transactions, carried out by their customers, which they suspect may be related to illegal dealings, and may consequently be related to money laundering and/or terrorism financing. (Central Bank of UAE, 2019)
- All banks and other financial institutions are required to always verify the real identities of their clients, such as the name, the post, and others. The Central Bank of the UAE has warned the said institutions from opening or bookkeeping accounts for names of unknown identities. (Central Bank of UAE, 2019)
- All banks and other financial institutions are required to maintain documents relating to the identities of their clients for at least five years, and to maintain closed accounts files in a way that includes clients' identities, the correspondence with them, and their accounts statements. (Central Bank of UAE, 2019)
- All banks and other financial institutions are required to detect any transaction the size of which is not compatible with the income of its owner, and which does not seem to have any reasonable economic cause or clear legal objective. The Central

Bank of the UAE also requested these institutions to provide it with statements about those accounts (Central Bank of UAE, 2019)

The Chief Compliance Officer, MLRO, Manager (Fraud Monitoring Cell), Compliance Manager (Trade Finance) are responsible for the process of identifying and reporting.

Each branch has its Compliance officer and Compliance Manager. They are responsible for checking the day-to-day transactions for money laundering activities. They also make sure that the information found is confidential to the Bank of Baroda only and that it is not leaked to the suspected customers who have the power to change or manipulate the information found.

Where an employee finds any non-compliance or suspicious activity, they are free to file a Suspicious Transaction Report (STR) against the transaction. The STR is filed in a confidential way where the information found or provided is confidential to the Bank of Baroda only. The employees also have the power to directly report a situation to the branch or regional compliance officer. They are also informed on breaching the principle of confidentiality.

Bank of Baroda also takes the aid of a Web-Based Compliance System that monitors transactions. The alerted transactions are quickly acted upon by the Compliance department. The System maintains a record of identified suspicious transactions that can be accessed anytime by the Compliance Manager of that branch and AMLRO.

Bank of Baroda processes Behavioural alerts found in a manual way, rather than through the software. (The Wolfsberg Group, 2019)

Once the information suspecting a customer is found, Bank of Baroda has all the rights to freeze the identified transaction and the funds associated with it, to suspend the entity's account as a whole to avoid any type of transaction with them or report their activities to the Financial Intelligence Unit.



ENFORCEMENT

The Chief Compliance Officer is responsible for the enforcement of the policy throughout the bank. The enforcement of Bank of Baroda's AML, CTF, and Sanctions Policy is looked after by concurrent auditors, internal auditors, and external third parties on an annual basis. Regardless the UAE Central Bank also conducts a surprise periodic check. The annual audits are continuously checked by the Compliance Department to look after any suspicious transactions. The Audit Committee at the Bank of Baroda has a vital role to play in the internal and external audit.

Bank of Baroda uses the help of Concurrent auditors, internal auditors, and external auditors. The concurrent auditors are divided into concurrent auditors for the branch and concurrent auditors for the Regional Back Office. Concurrent auditors of the branch are required to verify cash transactions, check sensitive accounts (such as the Suspense Account) and the Profit or Loss Account, follow up on inspections carried in accounts and verify Security forms physically with the System. The concurrent auditors for the Regional Back Office are required to check adherence to the specified Account Opening Process, verify the procedures adopted in the customer acceptance, customer identification, customer onboarding, and KYC as per the policy, verify customer profile and details provided in the account opening form and verify compliance ensured as per the Central Bank of UAE and The Banks AML/CTF Policy. (Bank of Baroda, 2018)

The internal audit is carried on four functions operations, credit, and trade finance. The internal audit tests compliance by employee feedback received through question-answer surveys and it is done every 18 months (The Wolfsberg Group, 2019). The external auditor is tasked with checking policy compliance in every transaction along with having the right to find gaps in the existing policy and suggesting changes. The external audit is carried out on an annual basis. (The Wolfsberg Group, 2019)



LESSONS LEARNED

Lessons learned from Bank of Baroda's Anti-money laundering practices:

- An essential part for every organization is to have a dedicated Compliance Unit with specific roles or positions to oversee the identification, recording, mitigation, and compliance of threats to the AML, CFT, and Sanctions policy.
- Staff training is a base for cultivating the culture of right and wrong in the organization. Thus, it will help the organization in the long run as well as the current situation to train and educate their employees on AML, CFT, and Sanctions Policy
- Risk is present at every level of an organization, so risk assessment plays an important role in the survival of a firm. It is important to note that risk assessment is done mainly through a risk rating process where the customer is given a 'risk score and according to which they are subject to certain amounts of due diligence checks.
- Every organization must update its AML, CFT, and Sanctions policy regularly. This is because today's economy cannot be predicted accurately and having a dynamic policy will help a company prosper.
- It is essential to make sure that the AML, CFT, and Sanctions policy is embedded in the organization in day-to-day activities to make compliance measurement and policy adherence easier.

CASE STUDY 2

ETHICAL LABOUR PRACTICES AT OMAN REFRESHMENT COMPANY

Company Name	Oman Refreshment Company
Headquarters	Muscat, Sultanate of Oman
Sector	Soft Drinks
Number of employees	932
Annual Revenue	61.1 million OMR / \$23.5 million

EXECUTIVE SUMMARY

Purpose: The case study describes the development and implementation of ethical labour practices at Oman Refreshment Company (Oman REFCO). Maintaining an ethically fair business is very essential at Oman REFCO conducting business ethically to reflect a positive image and to satisfy their employees and boost the confidence within their current and potential shareholders, and customers is taken seriously at the company. Working in a safe environment to prevent serious injuries and ensuring that conflicts are quickly resolved form part of the integrated management system policy. This has helped to maintain the company's image and reputation for more than 40 years.

Methodology: We used primary data and credible secondary sources to obtain the relevant information and data. The team members were honoured to have direct interview contact with the designated senior management, the company's HR Manager, Mr. Mohamed Al-Nadabi on 28th December 2020. We used the opportunity of the interaction with Mr. Mohammed to gain deeper insights into the company's ethical labour practices (ELPs).

Company Description: Founded in 1974, Oman REFCO is well-known MSM-listed company in Oman within the soft drinks sector; it is famous for its diverse product offerings, notably, Top fruit juices, and Aquafina water and much more others. Its beverages include Pepsi, Mountain Dew, Mirinda, 7-Up, Shani, Evervess Soda, Aquafina Water, Barrio, Sting, and Tropicana Fruit. The company is proud to be able to cover and reach to the entire of Sultanate of Oman through nine remote distribution centers located in Al Ghubra, Al Wafi, Buraimi, Ibri, Khasab, Mudheibi, Musanna, Nizwa, Salalah and Sohar.

Policy Development: The company has adopted a participatory model involving a range of both internal and external stakeholders. Oman REFCO takes ethical labor practice seriously, and their practices aligns with the stipulations of the International Labour Organisation (ILO), as well as the rules and regulations of the Ministry of Labour and the Labour Law of the Sultanate. Training programmes are organised to enhance inclusive employee-engagement and areas of concern nibbed in the bud.

Process for Embedding Ethical Labour Practices within Oman REFCO: The process for embedding ethical labour practices within the organisation is essentially participatory and values driven. Oman REFCO has adopted a range of practices, notably, pasting vital policy rules at the main entrances in every operational location.

Identification and Reporting of Issues: This appears relatively easy to do at Oman REFCO through the respective supervisors, the HR or by calling a hotline 24 596 999.

Enforcement: The company's enforcement system is linked to the labour law, employment contract and a creative application of market surveillance anchored on the use of specialised internal auditors. This way, employees are closely tracked to ensure that they are working diligently and complying with the company's practices on day-to-day basis.

Lessons Learned: The four lessons learned are documented in the areas of (i) people-centred responsible business model, (ii) appreciating the emerging context of CSR, ESG and the global vision/SGDs, (iii) the imperative for partnership for sustainable industrial safety, and (iv) the role of an agile integrated reporting and enforcement system (IRES).

Founded in 1974 and Head-Office based in Muscat, Sultanate of Oman, Oman REFCO is listed on the Muscat Securities Market (MSM) as ORCI, within the food / soft drinks sector. The company is one of the pathfinders of the Omani industrial sector. The company holds the franchise rights for the PepsiCo beverages group for the Sultanate of Oman. The company initially settled in South Al Ghubrah, Bawshar State, Muscat, with one bottling line for Returnable Bottles (RGB) which satisfied the market requirements right on that time. With increasing popularity and demand for its products, the company extended its manufacturing and distribution capabilities from time to time to meet the diverse preferences of consumers. Besides its head office and plant located in Al Ghubra, the company's geographic scope is country-wide; its distribution network seems to cover the entire country, through nine remote distribution centers located in Al Ghubra, Al Wafi, Buraimi, Ibri, Khasab, Mudheibi, Musanna, Nizwa, Salalah and Sohar.

Apart from engaging in filling and distributing soft drinks, water and juice, the company also deals with trading consumer packaged goods. The company has seven production lines of beverages filled in Cans, PET bottles, Non-returnable Glass Bottles and Tetrapack juices. REFCO owns a franchised right to fill and distribute PepsiCo soft drinks and Aquafina water as a part of their beverages trade line, which also includes non-carbonated beverages and their own brand name juice "Top Fruit". Further, their trading line of consumer-packaged goods comprise of Frito Lays range of snacks that include Lay's potato chips, Doritos, Cheetos and Sunbites, as well as the Quaker range of food products that include Oat Cookies, Pasta, Soups and Base Oats. All their trade line being distributed all throughout the Sultanate of Oman.

Maintaining an ethically fair business is very essential to the company's "welfare"-oriented vision (see side box), hence, the Oman REFCO's top management takes ethical labour practices seriously, ensuring that its operations are conducted fairly and hygienically. This helps to reflect a positive image, satisfy its employees, while boosting the confidence with current and potential shareholders, and customers. Ethical labour practices within the company include all efforts to satisfy the workers and to provide a safe working environment to the workers, and to prevent bodily injuries. The company's decades of positive image and reputation are jealously guarded through its ELPs.

Further, Oman REFCO provides different types of training, workshops, and courses for its employees to make sure that the ethical practices are imbued in them and that workers fully understand the importance of the rules as well as follow them. Furthermore, all the company's employees and executives are well trained and familiar with the company's ethical labour practices. Everyone seems to know the company's hotline which enables workers to report any issues for prompt solutions. This way, the company's ethical labour practices are implemented effectively and efficiently.

THE COMPANY'S MISSION



// Grow shareholders value by being Oman's leading supplier of Beverages, Juice and Consumer packaged goods. //

THE COMPANY'S VISION



// Be the leader in beverage and food sector while contributing to the welfare of our customers, employees, through high quality products, supportive customer service and operational excellence. //

THE COMPANY'S PROMISE

Sustainable Performance

Source: <https://www.pepsioman.com/mission-vision.php> [Accessed: 30 December 2020]

DESCRIPTION OF ETHICAL LABOUR PRACTICES

Before outlining the ethical labour practices within the case study organisation (Oman REFCO), it might be useful to highlight some underlying theoretical aspects synthesized from our recent reading of the related literature. The study's conceptual framework is summarized in the appendix attached to this report.

Basically, the underlying theoretical dimensions are anchored on the long-standing principles of labour economics, social ethical doctrines, and industrial safety (Mill, 2016; Kleinman, 2013; The New Encyclopedia Britannica, (Volumes 9 &10) 1974; Ajayi, 2009). The labour force is conceptualized widely to include all those who work for gain in any business – employees, employers, entrepreneurs, or even the unemployed looking for jobs. In the same vein, the quality of labour would depend on the depth of the firm's ELPs with respect to matters such as technical training, safety and health of workers, their wages or remuneration. The ethical labour practices literature, notably, Al-Salmi (2018); Porter & Kramer (2006); Hindle (2008), ILO (2020), Oman 2040 Vision

Office (2020); and Hofstede (2005), among others, has diverse commentary on the valuable integration of other related issues such as CSR, corporate culture, labour law and global vision. For example, the International labour standards (ILO,2020) are designed to ensure that women and men work decently and productively, freely, equitably and with dignity. This is necessary to achieve sustainable global growth and well-being of all.

Demonstrating corporate social responsibility (CSR) within the company is important to maintain an ethically fair business. Business ethics has broad dimensions and form the basis for decision-making. Conducting business in an ethical manner contributes to achieving employee satisfaction which in turn leads to an increased quality work. Furthermore, an ethics-based business will reflect good organizational values and reputational image for the stakeholders and ultimately facilitate organizational success.

The ILO plays some notable roles in shaping the labour law of many countries. The subjects covered in ILO (2020) labour standards include equality of opportunities and treatment, consideration for workers with family responsibilities, employment policy and promotion. Other aspects include vocational guidance and training, wages, working time, occupational safety, and health. In essence, the concept of industrial safety dictates that workers should be able to earn their living without risking bodily injury. It is noteworthy that these labour practices align with Oman's national priorities enshrined in the Vision 2040, notably, in the strategic areas of health, social protection, environmental sustainability and international cooperation, among other related aspirations. Based on our survey and interactions with the firm's executive, REFCO's labour practices appear to very much align with the United Nations (UN)'s SDGs, particularly with respect to Goals 3 (Good Health and Well-being), Goal 5 (Gender Equality), Goal 12 (Responsible Consumption and Production) and Goal 17 (Partnership for the Goals).

COMPANY CORE VALUES

REFCO's ELPs are shaped by the company's core values which revolves around six pillars as shown in Figure 1. The company's working rules require that employees pay very close attention to customer satisfaction (Customer Call Centre – 24 596 999 is published on its website) in terms of ensuring quality of the product throughout the value chain, as well as delivering excellence to its stakeholders – shareholders, consumers, employees, government. Maintaining team spirit, mutual respect and utmost regard for the Omani tradition, customs, laws regulations, and culture, as well as dealing with others with maximum integrity are evidently embedded.

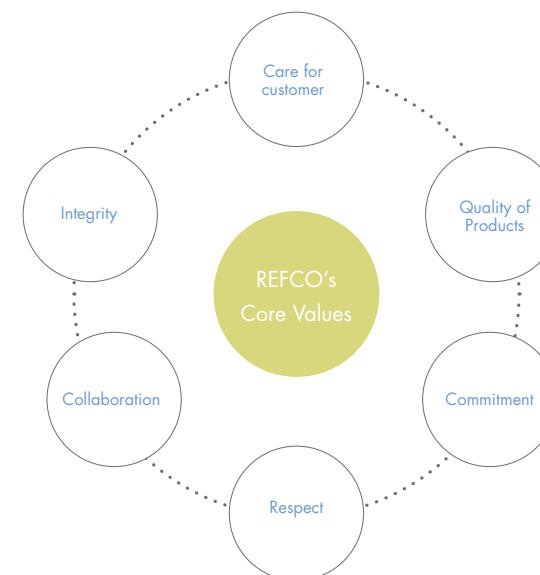


Figure 1: Ethical Labour Practices are driven by corporate culture: Oman REFCO's's core values

Source: <https://www.pepsioman.com/orc-values.php> [Accessed: 29 December 2020]

The company implements ethical labor practices in the company for the employees to make them reach satisfaction in the workspace to get the sequence of increased quality of work and maintaining an environment away from conflicts to gain customer satisfaction and high-quality production. The company adapted and developed ethical labour policies and procedures for their employees based on the ethical labor practices that were listed in the Ministry of Labour, Oman, Oman law, as well as The PepsiCo international company labour policies. Taking them in consecration to build a trustful foundation to prevent conflicts.

METHODOLOGY

As required, we have adopted the descriptive case study approach to gathering the materials used in this report. Following the prescribed research protocols for such studies (Vijayalakshmi & Sivapragasam, 2008; Kothari & Garg, 2014), this approach enabled us to gain useful insights about ethical labour practices at REFCO. As the primary data source, in-person interview could not be conducted due to the COVID-19 restrictions, but this limitation was eventually addressed via telephone conversations with the designated company executive. Secondary data were sourced from related books, Oman REFCO's website itself and financial databases such as CapitalIQ.

POLICY DEVELOPMENT

Oman REFCO welcomes and receives ideas from the shareholders and employees to further assist the evolving and development of the company and the company's general practices. To this end, inputs into what policies to be implemented are taken from the company's consultants, the CEO, legal managers, HR manager and the employee relation section of the company. With the support of relevant research, discussions, and meetings; the company's consultants are required to conduct their assignments with the highest standards of ethics. This approach played key role in crafting the company's integrated management system policy statement (see the side box on page 13). All employees are obliged to adhere to the company's regulations; this is expected to produce, deliver, and achieve higher quality work and production to reach satisfactory results for the shareholders, customers, and the company itself. The company prefers to invest in their employees for the sake of incoming and loyal customers.

Industrial safety is crucial to manufacturers like Oman REFCO (ILO, 2020), hence, the most sought-after objective in the business is the safety of operations and satisfaction of their customers; thus, the company has committed to preserving and protecting the safety of their employees and the public spaces of operation, while aiming to minimize their carbon footprint on the environment, preserve environmental resources, and prevent pollution in their daily operations. Figure 2 illustrates the company's commitment to "lifesaving rules" - ensuring the safety of employees and shareholders to avoid work-related injuries and illnesses even with today's COVID-19 pandemic reality.

PROCESS FOR EMBEDDING ETHICAL LABOUR PRACTICES WITHIN OMAN REFCO

The company provides different types of training, workshops, and courses for their employees to make sure that the ethical practices are imbued in their employees and that they understand the importance of the rules as well as follow them. To keep the policies in mind and make sure that the rules are embedded in their day-to-day work life, the company has posted the important rules of the policy on every entrance in every Oman REFCO's branch in the Sultanate of Oman.

IDENTIFICATION AND REPORTING OF ISSUES

Figure 3 illustrates the integrated reporting and enforcement system (IRES) operating generally at Oman REFCO. Two approaches characterize the company's process of identifying and reporting any issues. Concerning external issues, first, you can contact the supervisors to let them know of the issue. Second, every Oman REFCO's vehicle has a hotline on it which directly links into the company's call center. The call center responds to the problem; if the problem relates to the HR management, the hotline will direct the call to the HR management of the company; if it concerns sales, similarly, it will be directed to the sales department of the company. The reason why the company chooses those methods is because it makes the process faster and easier to reach to the specific department responsible to solve the issue.

In the cases bordering on internal issues, the company has an employee relation section where the employees in the company can lodge their reports/issues. Employees can also contact the HR via the call centre, where such issues as in salaries, attendance, or any other complaints can be enquired and resolved.

OMAN REFCO'S IMS POLICY STATEMENT

//

At Oman Refreshment Company, everyone is committed to deliver the highest quality products to continuously exceed the ever-changing expectations of our customers. At every stage of our operations, all employees work to ensure the uncompromising safety and quality of the products we produce and distribute. The safety and satisfaction of our customers are our highest business objective and our enduring obligation.

Beyond this, we are committed to protect and preserve the environment and the safety of our workers and the public where we operate. We aim to continuously minimize our carbon footprints, prevent pollution, and preserve environmental resources. In our day-to-day operations, our goal is to achieve zero work related injuries and illnesses for our employees, contractors, and other stakeholders.

We will continue to operate in a responsible manner in accordance with all applicable quality, food safety, environmental and occupational health and safety standards, statutory and regulatory requirements.

We will ensure the provision of resources and maintain effective communications to our employees, share owners, customers, consumers, regulatory agencies, and other stakeholders to continuously improve our quality, food safety, environmental and occupational health, and safety performance.

Our leadership in the market will be sustained through our commitment to continuously improve every aspect of our operations towards Operational Excellence.

//

Source: <https://www.pepsioman.com/ims->

Life Saving Rules

WORKING RESPONSIBLY

- Obtain a safety work permit whenever required.
- Do not override safety equipment, guards, sensors.
- Always use required PPE in the area or for the work at hand.
- Follow pedestrian lanes. Always be alert for moving vehicles.
- Report accidents, unsafe conditions, unsafe acts and near miss.
- Do not light up cigarette, cigar, pipes, electronic cigarette in no smoking areas.
- Do not walk, stand or work under a suspended load.

WORKING WITH ELECTRICITY

- Verify isolation before work begins and use specified PPE. Implement Lock-out-tag-out (LOTO).

WORKING AT HEIGHT

- Use fall prevention equipment when working at height.

LIFTING

- Use authorized drivers only, follow load plan, speed limit and forklift safety requirements

DRIVING

- Wear seatbelt whenever in a moving vehicle (cars, forklift, trucks, etc.)
- Do not use mobile phone and do not exceed speed limit.

Figure 2: Best Practices in Occupational Health: Oman REFCO's Life Saving Rules

Source: <https://www.pepsioman.com/ims-policy-statementant.php> (29 December 2020)



ENFORCEMENT

The company prefers to ensure that their employees and products are in line with their rules and laws of ethical conduct as per the labour law and respective employee contracts. An integrated surveillance system is deployed to achieve this. Specifically, as illustrated in Figure 3, the company maintains two types of auditors, the first being the internal audit manager (IAM), who reports directly to the firm's chief executive officer (CEO). The internal audit manager goes to the markets and shops where the company distributes their products and inspects the products with his or her team. The second type of auditor in Oman REFCO is the market auditor (MA). The MAs are in different branches, and they report directly to Oman REFCO's finance team. The MA takes the proactive choice to visit the different branches and shops where the company's products are featured, to make a first inspection and audit before the involvement of the IAM's team, which reports directly to the CEO, come to make their inspection.

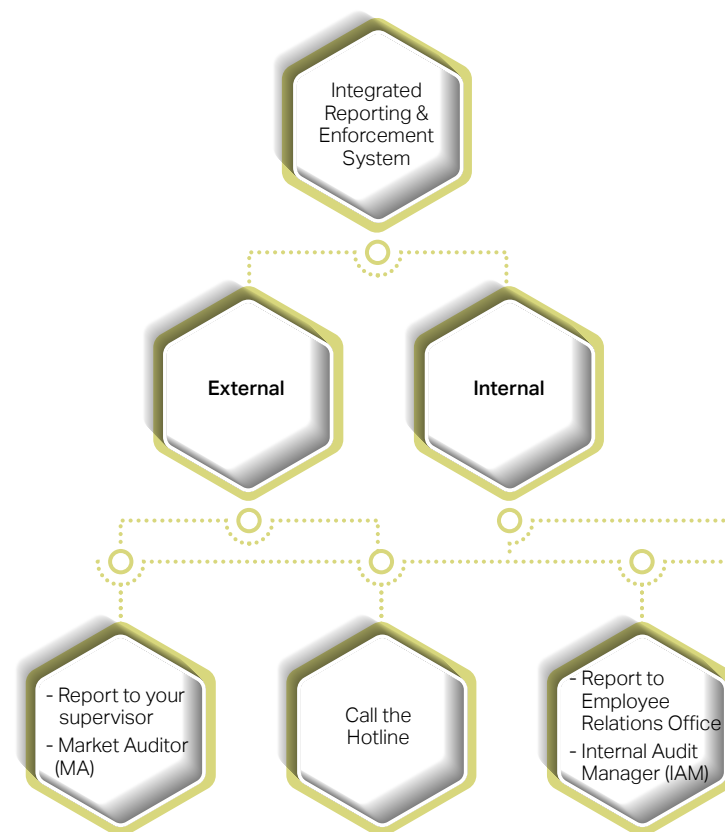


Figure 3: Integrated Reporting and Enforcement System (IRES) at Oman REFCO

Source: Synthesised from the Team's interview with the company executive (29.12.20)



LESSONS LEARNED

This case study attempted to describe the development and implementation of ethical labour practices (ELPs) at Oman Refreshment Company (Oman REFCO), a leading, public-quoted manufacturing firm in the Sultanate of Oman. This documentation was achieved using primary and secondary data. Four key lesson points emerge from the case study analysis that other regional companies could learn and possibly gain some useful ideas.

[1.] Passion for People-centred Responsible Business: A total recognition of the importance of human capital for sustainable business practice is a key success factor in the development and implementation of ELPs. Maintaining a positive corporate culture especially with respect to staff welfare and ethics, is a long-standing organizational success factor (Hofstede, 2005). Oman REFCO cares about its staff while aligning their labour practices to the requirements of the Ministry of Labour, labour law, and The PepsiCo international company with regards to employee safety and related aspects. Oman REFCO's rules align with the normative ethics – of how things should be or how workers should value things, what actions are right compared to what actions are wrong, bad things and good things (Klein, 2013). On the one hand, employees are required to be loyal to the company and deeply committed to the job. Cheating, misuse, and wastages are forbidden. On the other hand, the company is obliged to protect employees from hazards that may be posed by constant use of machines, wearing face masks, maintaining social distancing in the age of COVID-19.

[2.] ELPs form an Integral Part of Discerning Firms' Corporate Social Responsibility Practice: Oman REFCO has from its early stages taken CSR seriously; the company develops and participates in many activities to keep improving the bond and relationship between the company and their employees, and to make their staff engage within the society and to feel more connected to the environment around them. A robust implementation of ethical labour practices can boost the confidence of the company's current and potential shareholders; it will also help to build brand loyalty by using robust ELPs to earn the trust of their employees and customers. Realising that all the company's

products are made in a safe environment and the employees are satisfied and getting their full rights, will impact positively on the company's reputation. Maintaining ELPs within the CSR context is seen as a sound strategy for success (Porter & Kramer, 2006; Al-Salmi, 2018); thus, ensuring employees' long-term well-being and safety will ultimately result in higher level of productivity and a higher level of organizational success.

[3.] Partnership is key to Industrial Safety Practices: Taking the working environment seriously as it is being done at Oman REFCO, will assure stakeholders that products are generated from a safe environment and that their workers are free from injuries while keeping conflicts at the lowest level. In this regard, it is important to always share and appreciate the thoughts and ideas from company's shareholders and employees as this can assist companies to improve operational excellence. As it is so well done at Oman REFCO, preventing complications and problems related to work through a functional hot line for their consumers and employees whom they can contact to report any problem or conflicts to the company to solve the problem quickly, is a key success idea of ELP. The corollary of this is the idea of keeping track of staff in different locations to ensure that they have been working properly and complying with ethical requirements of the company. A virile training, interactive culture is also seen as an integral part of a successful ELP.

[4.] Agile Integrated Reporting and Enforcement System (IRES): Ensuring that both the internal and external environments are maintained in corporate strategic dashboards (Porter & Kramer, 2006; Ajayi, 2009), discerning organisations can proactively respond to unforeseen operational challenges, particularly those that could pose

significant risks to workers' well-being, as the COVID-19 pandemic has shown. Oman REFCO appeared to have applied this principle well to create a robust reporting and enforcement climate.

CASE STUDY 3

INTEGRITY-RELATED PRACTICES AT BASKIN ROBBINS

Company Name	Baskin Robbins
Headquarters	Dubai, UAE
Sector	Food and Beverage
Number of employees	3000
Annual Revenue	1 US\$ 118.7 m



COMPANY DESCRIPTION

Sometimes what seems too obvious in the innovative world can turn out to be a spectacular business idea. In the ice cream industry, the same doubt as to whether an ice cream cone can inspire a global franchise business is not uncommon. Yet, Baskin-Robbins thrived. Baskin-Robbins was established in 1946 as a result of the personal passion of Burt Baskin and Irv Robbins for ice cream. The innovative brand reshaped the industry by offering 31 flavors of ice cream, while all other competitors were selling only vanilla, chocolate, and strawberry. The number 31 represents the brand's 31-flavor concept originated from the founders who believe that consumers should try all flavors until they find their fav. Identifying and promoting responsible and sustainable growth based on corporate governance best practices in the Gulf region for future business leaders in universities. Favorite one (Baskin-Robbins, 2020). The entrepreneurs' contagious. Passion for ice cream and powerful commercial vision transformed the business into a popular World-wide franchise, operating under the Dunkin and Baskin-Robbins brands and offering more Than 1300 ice cream flavors.

BASKIN-ROBBINS BUSINESS MODEL

The brand is the world's leading franchisor of quick-service restaurants ("QSRs") i.e., serving hot and cold coffee and baked goods, as well as hard, serve ice cream (TrefisTeam, 2019). The international business is established on joint ventures with "master franchisees," who operate and sub-franchise the brand within their licensed territory or country (Baskin Robbins, 2020). Baskin-Robbins portfolio includes over 20,900 points of distribution in key markets in more than 60 countries worldwide (Baskin-Robbins, 2020). The international franchise system is predominantly located across Asia and the Middle East. Founded in 1962 under its Food & Beverage division, Galadari Ice Cream Company (GICC), has been the Dubai-based master franchisee of Baskin-Robbins for over 40 years. Presently, GICC is operating more than 900 Baskin-Robbins stores across the Middle East, including KSA, UAE, Qatar, Bahrain, Oman, Kuwait, Jordan, Morocco, and Lebanon. In addition, through a joint venture with Dunkin' Brands International, GICC is managing the Baskin-Robbins business in Australia, where the group currently operates more than 80 stores (Saleh, 2020). Consequentially, community well-being and business sustainability are vital determinants of Baskin-Robbins' global transformation journey. Therefore, the orientation of the company's integrity-related policies and practices in the UAE encompasses a wide range of stakeholders.

DESCRIPTION OF THE INTEGRITY-RELATED PRACTICE

WHISTLEBLOWING

Integrity is an act of honesty, meaning doing the right thing even when no one is around (Henriksson, 2019). Thus, the employees' moral internalization of the integrity-related policies is the key objective of Baskin-Robbins' internal processes. Baskin-Robbins database consists of vast consumers' personal information and protecting it is vital for the company's existence. Nevertheless, the health risks associated with the food and beverage industry makes each Baskin-Robbins employee and vendor were personally responsible for the customer's well-being. Therefore, the company's integrity-associated organizational practices in UAE are targeting employees, organizational systems, and the quality of the people- and process-oriented performance standards (Baskin-Robbins, 2020). Moreover, Baskin-Robbins integrity policies, including whistleblowing, shields all stakeholders in the supply chain. Whistleblowing is an act where an employee discloses information to an authority about any wrongdoings in the company that could be in the form of fraud, corruption, or any other organizational reputation-damaging activity (Faichnie & Addison, 2019). Whistleblowing protects consumers, and so indirectly the company, by safeguarding it from possible lawsuits, major fines, public scandals, and loss of market credibility (Organisation for Economic Co-operation and Development, 2014).

The focus of the whistleblowing policy in Baskin-Robbins in UAE is on occurrences and reports about food safety issues such as food-borne illnesses, food tampering, and food contamination in mislabeling. In addition, Baskin-Robbins whistleblowing policy targets reduction of organizational waste and mismanagement (Saleh, 2020). In terms of whistleblower protection, Baskin-Robbins policy stipulates that those making a good faith disclosures following the company regulations shall not, as a result of making the disclosure, be a (1) subject to any legal or contractual liability, and/or (2) dismissed from employment, or otherwise subject to victimization by the employer or any related person.

POLICY DEVELOPMENT

Baskin-Robbins considers whistleblow as an ethical act if that information could prevent wrongdoings. Given the region's concerted emphasis on economic security, the concept of whistleblowing is assuming increasing importance in the UAE laws. The pivotal role played by employees in highlighting wrongdoing are coming into focus, and the view that whistleblower protection may enhance confidence in markets and promote good corporate governance, is gaining increasing acceptance (Gordon & Jones, 2019). Recently, the legislative landscape in the UAE has changed with the introduction of the UAE Penal Code and the Financial Crime Law (Dubai Law No. 4 of 2016) regulating a certain degree of whistleblower protections in the UAE. According to Mr. Saleh, in line with the government efforts for preventing fraud and corruption, the Legal Affairs Department in GICC developed the company's whistleblowing policy which is also applicable to Baskin-Robbins. The goal of the policy and associated processes is to prevent possible damage to the market value and reputation of the Brand. Baskin-Robbins' efforts for achieving the best customer service satisfaction are measured by customers' and employees' surveys, inquiries, and questionnaires. This feedback-providing mechanisms collect product and services satisfaction information. Therefore, the whistleblowing practices in Baskin-Robbins involve the contributions of a wide range of stakeholders i.e. government regulations, customer comments, and employees' input. The policy ensures the freedom and protection of employees and customers who are encouraged to report on any unethical and fraud-related issues in the company (Saleh, 2020). Process for Embedding the Practice within the organisation The whistleblowing policy is embedded in the Baskin-Robbins Code of Ethics and Professional Conduct Regulations. It is the responsibility of the HR Department to ensure new hires are aware of the company's policy when joining the organization. Employees are required to acknowledge their awareness by signing the Code of Ethics and Professional Conduct Regulations. As stated by Mr. Saleh, providing employees with secure communication channels when it comes to whistleblowing is essential for Baskin-Robbins.

The company ensures that the staff is equipped with the right tools and is aware of the existing mechanisms to deal with any cause for concerns. Continuous training and workshops on the whistleblowing policy's essentials are offered across the branches in the UAE. The outcomes of such workshops include employees' understanding of:

- (1) what is whistleblowing,
- (2) what activities need to be disclosed,
- (3) how to make a disclosure
- (4) protections for whistleblowers
- (5) creating a whistleblowing culture.

Due to the nature of the Baskin-Robbins operations, the workshops are conducted face-to-face in the Corporate Office by the HR Department representatives. Further awareness initiatives are implemented and led by the Branch Supervisors during the departmental meetings (Saleh, 2020). Factors that pose a challenge in operationalizing the whistleblowing policy, as well as the pertinent steps that have been taken to overcome these obstacles include:

OPERATIONAL BARRIERS

Because the whistleblowing process is fairly new and not fully embedded throughout the Baskin-Robbins division the reporting lines are not operating effectively. In this regard, the GICC Management is working on improving the channel of communication between the management and the employees by informing employees on the avenues available for them to whistleblow. Emotional Barriers Whistleblowers are commonly deterred from reporting incidents to management due to the fear of potential dismissal. Following the regulatory provisions in the UAE Penal Code and the Baskin-Robbins policy, employees are ensured they are not discriminated against their lawful employment as a result of whistleblowing on non-observance of regulations.

CULTURAL BARRIERS

Whistleblowers are commonly viewed as a source of friction in organizations (Faichnie & Addison, 2019). This perception can make it difficult to blow the whistle, although individuals recognize that it is good for the company and other stakeholders. Therefore, Baskin-Robbins management, through the training programs, ensure that those employees are aware that everyone has a role to play in detecting, preventing, and correcting misconducts, and that whistleblowing is an important means for that purpose. Moral support by the Line Supervisor and HR department is also provided to whistleblowers (Saleh, 2020). Identification and Reporting of Issues The Group Internal Audit Department (GIAD) has the primary responsibility for the management of the Whistleblowing Policy and investigation of all suspected misconduct acts as defined by the Baskin-Robbins regulations. Furthermore, the UAE authorities have established the opportunity for the companies to report any regulatory concerns to the newly established Dubai Centre for Economic Security. Baskin-Robbins has a confidential communications channel (Ethics Hotline) allowing reporting on all types of misconduct as per the whistleblowing policy. Employees can access the hotline via phone or the web platform. Information on the additional channels of communication such as e-mail and mailbox are publicized so that actual or suspected cases of misbehavior and violation of the Baskin-Robbins business ethics can be reported. External parties may also use the confidential, whistleblowing hotline for reporting their concerns. The hotline is managed under the responsibility of the GIAD and the information is directly received by the GIAD's authorized nominee. Internally, employees are also encouraged to report directly to the supervisors and HR personnel who further report the concern to the GIAD. Information received from the reporting channels is analyzed by the company's Group Internal Audit Department, which conducts further investigations into reported cases (Saleh, 2020).

POLICY ENFORCEMENT

Policy enforcement is critical in measuring the efficiency of the policy and involves all organizational stakeholders (Organisation for Economic Co-operation and Development, 2014). In Baskin-Robbins, whistleblowing policy enforcement is overseen by the Human Resource and GIAD staff, and the department heads. In addition, the HR department ensures the whistleblowing policy and reporting processes are easily accessible to the employees. Furthermore, for measuring the employees' awareness of the whistleblowing policy and procedures, staff members are given a case study analysis and brainstorming activities during the departmental meetings. For ensuring its efficiency and in line with the company's vision, the whistleblowing policy in Baskin-Robbins is perceived as a collective commitment of all stakeholders (Saleh, 2020).

LESSONS LEARNED

Whistleblowing is becoming more acknowledged as a way for organizations to access internal information to minimizing risks. Whistleblowing is unique in that it gives everybody in the organization, and also the external stakeholders, the opportunity to report a concern if they see something they suspect is against the organization's ethical principles (Henriksson, 2019). Overall, whistleblowing in Baskin-Robbins is a constructive process towards building trust within the organizational structures, and between the franchisee and the wider UAE communities. Employees in Baskin-Robbins act in good faith and come forward owning up to the mistakes that they have done and/or observed. Furthermore, Baskin-Robbins management works with the individuals who have committed wrongdoing to allow them to understand their mistake, fix it and learn from it. Employees are allowed to change their wrong behavior with the support and guidance of the management. Thus, the company's whistleblowing policy improves employee's morale and organizational commitment. In the Baskin-Robbins case in UAE, whistleblowing policy promotes a positive work climate, enhances employee satisfaction and the company's market reputation.

CASE STUDY 4

ANTI-MONEY LAUNDERING AT THE COMMERCIAL BANK OF DUBAI

Company Name	Commercial Bank of Dubai
Headquarters	Deira, Dubai, UAE
Sector	Financial (Banking)
Number of employees	1,469 (as of 2019)
Annual Revenue	AED 3.033 billion



COMPANY DESCRIPTION

Commercial Bank of Dubai PSC (further referred to as CBD) is a banking and financial service corporation headquartered in Deira, Dubai, UAE. On 3 July 1969, CBD was established by an Emiri Decree issued by the then Ruler of Dubai, the late, His Highness Sheikh Rashid bin Saeed Al Maktoum. It was set down as the seventh-largest bank in the UAE by the region's first and largest business magazine, Gulf Business. The bank was listed on the Dubai Financial Market on 1 April 2003, as a Public Shareholding Company (PSC) per Federal Law No. 2 of 2015.

Initially, in 1969, CBD was jointly owned by foreign banks consisting of Commerzbank, Chase Manhattan Bank, and the Commercial Bank of Kuwait with a combined shareholding of 78% and a minority stake held by a few UAE businessmen. However, in 1982, due to the implementation of constraints on foreign banks' operations, CBD transformed into a National Public Shareholding Company.

The bank achieved a major milestone with a significant structural reform and an expansion in the capital base. This marked an important turning point in CBD's history when Dubai's government became a majority shareholder. Having commenced its operations with a 10-employee branch, CBD has now expanded to nearly 15 branches and over 121 ATMs throughout UAE, employing nearly 1469 staff

Regarding its present ownership structure, the general public owns a 36.23% stake in the company. Although this scale of ownership might not be enough to sway a policy judgment in their favor, they significantly influence matters concerning CBD. Investment Corporation of Dubai is the largest individual shareholder with a 20% stake in the enterprise. Other prominent shareholders include Al Futtaim Private Co. (10.51%), Arab Orient Insurance Co. (8.84%), and Abdulla Hamad Al Futtaim (6.95%). (Commercial Bank of Dubai, 2020)

Individual insiders hold a special interest in the company and should be disclosed in the annual report. Institutional shareholders undertake a minority shareholding. Looking at the current performance of CBD has undoubtedly spiked the interest of these institutions for future investments. (Simply Wall St, 2020).

CBD provides commercial banking products and services organized into four business segments: Corporate Banking, Commercial Banking, Personal Banking, and Treasury and Investments. CBD also has an Islamic Banking sector that provides Sharia-compliant finance.



Figure 1: Present-day Ownership Structure of CBD (as of 2019)

CBD's plans and strategies align with the objectives and goals outlined in the UAE Vision 2021. (Investor presentation, 2019, p. 5) Their Mission is to deliver a best-in-class value proposition that puts them at the forefront of the finance industry. In 2019, CBD prioritized achieving financial results, being the employer of choice, focusing on its customer base and digitization.

On 21 October 2020, CBD achieved its financial results as it commemorated its \$600 million listings on Nasdaq Dubai. This was an indication of Investor confidence in CBD's strategy and the UAE's fundamental strengths. Strong demand for bonds was also observed as a result of its listing.

To optimize its customer base, CBD has introduced cardless ATM withdrawals for corporate clients and CBD One for retail clients. The bank has partnered with Thunes to offer real-time international remittances to bank accounts and cash pick-up services in India, Pakistan, Bangladesh, and the Philippines.

CBD, in its recent partnership with Demica, a leading working capital fintech, extended its Digital Supply Chain Finance by offering its clients a wide range of financial and operational benefits. The bank won the IBSI Global Fintech Innovation Awards 2020 for the Most Innovative Project for Bank-Fintech Partnership 2020. The award showcases the creativity and collaboration between both organizations to create a product in the wake of the global pandemic. (Commercial Bank of Dubai, 2020)

CBD's partnership with Microsoft Cloud is a step toward digitizing its platform to keep up with the current digital revolution. Microsoft's investment involves security, transparency, and regulatory compliance. Adopting the Microsoft Azure Cloud will further enable the bank to modernize its technology landscape, optimize its operations, reinvent customer engagement, empower its employees, and promote innovation within the entity. The project would also enhance the ongoing innovative initiatives of CBD, such as fraud protection, AML, user interfaces in conversational banking, Artificial Intelligence, and analytics by leveraging Microsoft Azure Cloud services. (Commercial Bank of Dubai, 2019)

While the 2019 Strategy focused on digitalization programs which developed a clear cross-organizational agenda, the 2020 Strategy focuses on the transition from 'Fit for Growth' to 'Sustainable Growth'. (Investor presentation, 2019, p. 6)

Over the years, CBD has won the Sheikh Khalifa Excellence Award- Gold Category, Ideas UK Accreditation Platinum Award, the Best Online Cash Management Award by Global Finance, the Most Innovative Digital Bank Award at the International Finance Awards, Best Wealth Management Award at the Banker Middle East Award, Financial Times Banker's - Best Islamic Bank in the UAE among several others. (Commercial Bank of Dubai, 2019)

DESCRIPTION OF INTEGRITY-RELATED PRACTICES

Money laundering is the act of disguising the earnings from illicit activities by converting and transferring them into the legal financial system. These funds derived from questionable sources raise suspicion in the eyes of the authorities if not concealed. The purpose of money laundering is to convert these illegal earnings to legitimate funds to make them indistinguishable from the existing proceeds in the system. Later, these funds can be used to make major or minor purchases; without garnering suspicion. (Global Financial Integrity, 2020)

Money laundering is a major hindrance to the finance industry and a severe threat to the global economy. The United Nations Office on Drugs and Crime estimates that 800 billion American Dollars to 2 trillion American dollars is laundered annually. (Tookitaki, 2020)

Due to this growing concern, it has become the need of the hour to combat this major hurdle with effective Anti-Money Laundering (further referred to as AML) and Counter-Terrorist Financing (CTF) measures. In an attempt to defend against this threat, the UAE has implemented a robust system of AML that is mainly based on the UAE Federal Legislation. The Legislations are established to conform with the international AML/CTF standards set out in the guidelines of the Financial Action Task Force (FATF).

The Central Bank is the primary regulator for AML controls in the UAE. The main thrust of the **UAE's Central Bank Circular No. 3258/2006** is to help banks identify unusual transactions and report any suspicious transactions. CBD's monitoring and screening procedures are fully compliant with the above circular.

The Dubai Financial Services Authority (DFSA) is the chief regulator of AML in the Dubai International Financial Centre (DIFC). This regulation requires financial institutions operating in the UAE to strictly abide by the Know Your Customer (KYC) guidelines.

CBD has based its practices in line with the **Federal Law Decree No. (20) of 2018** on Anti Money Laundering and Combating the Financing of Terrorism (CTF). The bank also complies with the following by-laws:

- **Cabinet Decision No. (10) of 2019** concerning the Implementation of Decree-Law No. (20) of 2018
- **Cabinet Resolution No. (20) of 2019** concerning the U.A.E. List of Terrorists and Implementation of the United Nations (UN.) Security Council Decisions

The AML framework also follows international policies. Commercial Bank of Dubai aligns its policy framework to abide with the Foreign Account Tax Compliance Act (FATCA). The bank is registered on the IRS website for FATCA compliance as Lead FI Of Affiliated Group with the Registered deemed-compliant Financial Institution status. CBD's Global Intermediary Identification Number (GIIN) is signed and available in the Bankers' Almanac.

CBD has also formulated its AML policies based on the requirements of the Basel Committee on Bank Supervision. The bank has referred to the recommendations set in Basel II which was ultimately superseded by Basel III. The entity's policies are also compared to US and EU standards.

CBD has meticulous AML, CFT, and Sanctions policies which comprise Know Your Customer, Sanctions Programs, Risk-Based Assessment, Customer Onboarding Policy, and an Ongoing Transaction Monitoring Policy.

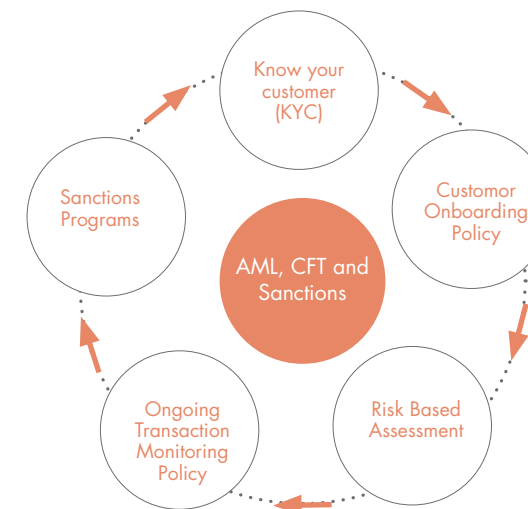


Figure 2: Strategies involved in AML, CFT, and Sanctions

Apart from the above strategies, the Commercial Bank of Dubai has an excellent Corporate Social Responsibility framework that includes various elements of education, health, financial literacy, charity, and volunteer programs for which they were awarded the Dubai Corporate Social Responsibility Excellence Award 2019. The bank strives to heighten a performance culture driven by employees, managers, and leaders across the bank.

In 2007, CBD Al Islami, the Islamic Banking Department of CBD was established to provide Sharia Compliant products and services for all its customers. The Internal Sharia Supervision Committee (ISSC) has approved Sharia Standards put forth by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") as a standard for Sharia requirements.

POLICY DEVELOPMENT

Commercial Bank of Dubai is committed to combating money laundering and terrorist financing and complying fully with all applicable Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) laws, regulations, and standards in the jurisdictions in which it conducts its operations.

Accordingly, CBD takes all reasonable and appropriate steps to prevent persons engaged in money laundering or financing terrorists or terrorist operations, from utilizing its products and services. The bank has a zero-tolerance policy regarding involvement in any money-laundering activities and does not continue its association with banks or customers that conduct these illegal activities.

CBD also terminates any relationship that raises a reasonable doubt of any involvement in illegal activities. The termination is reported to the concerned legal regulatory authorities. Any further correspondence is undertaken according to the consultation of these authorities to prevent tipping-off offenses for the bank.

Know Your Customer (KYC)

CBD's AML policy mainly revolves around the aspect of 'Know Your Customer'. KYC comprises Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD). This involves validating customer identity and confirming the authenticity of the nature of the business. Customers under the radar of the banks should be subject to improved steps of due diligence.

Sanctions programs

The Sanctions framework of CBD involves screening systems and mechanisms to maintain compliance with the necessary sanctions laws and regulations. The framework's scope includes, but is not limited to, customers' screening, connected parties, and transactions against the designated sanctions lists.

Risk-based assessment

CBD has a risk-based approach to screening customers for adverse media/ negative news. CBD has in place policies, procedures, and processes to review and evaluate potential matches by screening customers and connected parties to determine whether they are PEPs or controlled by PEPs.

Customer Onboarding Policy

CBD trains its employees to identify and recognize suspicious transactions. Documents are verified and sent for KYC and AML approval. Before opening an account, a strict background check is conducted, including a 'World Check' (a database used to identify persons of heightened risk) and a Central Bank check.

Ongoing Transaction Monetary Policy

CBD has policies and practices for identifying and reporting questionable transactions required to be reported to the authorities. For this purpose, CBD has a monitoring program for unusual and potentially suspicious activities covering funds transfers and monetary instruments.

CBD has other policies regarding AML and CTF; these are mentioned below:

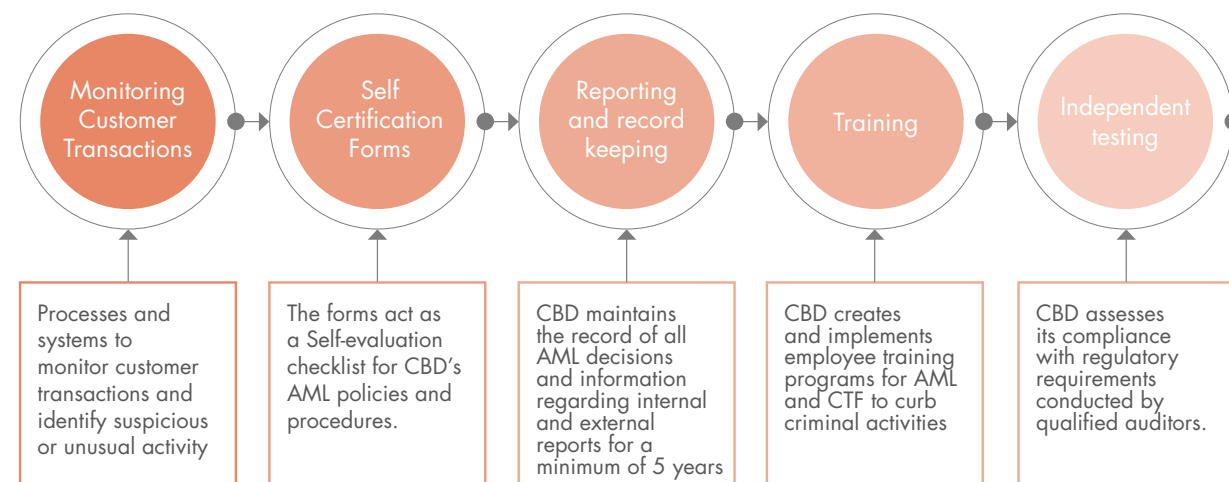


Figure 3: AML Policies undertaken by CBD

These aforementioned policies and sanctions are updated annually and enforced in all domestic branches and subsidiaries. They are followed by all its staff members of CBD both in the home country and in locations beyond the jurisdiction. The policies are annually approved and signed off by the Board of Directors who receive regular reporting on the AML, CTF, and Sanctions program status.

CBD's AML compliance is in association with the Wolfsberg Group's principles, an international association of thirteen banks that aim to curb activities by creating policies relating to AML, CTF, and KYC. The bank is certified and has cleared the Wolfsberg

A.M.L. Certification based on the Group's questionnaire.

Based on the UAE Government regulations, several Participating Jurisdictions are establishing a global standard based on the Common Reporting Standard (CRS) to facilitate the collection and exchange of financial account information of international taxpayers annually. The CBD group is determined to comply with its commitments under CRS and FATCA provisions.

PROCESS FOR EMBEDDING THE PRACTICE WITHIN THE ORGANISATION

The Commercial Bank of Dubai has numerous AML, CTF, and Sanctions policies in line with the various aforementioned regulatory standards. These provisions put forth by the bank are diligently incorporated within the organization in a precise and systematic manner. For this purpose, CBD has a specialized Compliance department that spearheads the issues at hand.

At the corporate level, it is the responsibility of the Bank's Compliance officer to make sure that the bank coheres to the relevant policies and requirements. Based on the Central Bank requirements, every branch is assigned a Money Laundering Reporting Officer (MLRO) to ensure overall compliance. The Head of Division is accountable for implementing and complying with the necessary local guidelines, regulations, and laws at a divisional level.



Figure 4: Hierarchy of the AML Compliance Officers

Certain IT procedures are in place to identify and control financial transactions at different levels. Internal training sessions are held to keep the staff updated about various developments. These sessions, carried out in the form of workshops, include mandatory training regarding identifying and reporting transactions to government authorities, internal policies for enforcing AML, CTF, Sanctions, and new significant regulatory action. This training is provided to the following parties:

- Board and Senior Committee Management
- The first line of Defence: Operational Management
- The second line of Defence: Risk Management and Compliance Function
- The Third Line of Defence: Internal Audit

The bank also provides special customized training for staff employed in the AML, CTF, and Sanctions department to identify high-risk products, services, and activities.

CBD's Know Your Customer program involves a risk-based Customer Identification & Verification (ID&V) program which focuses on the identification of Beneficial Owners by understanding the finer details like the nature and purpose of the relationship. To identify suspicious activity, CBD also enforces enhanced due diligence of higher risk Politically Exposed Persons (P.E.P.s) and an Ongoing monitoring system of its customer's activity. There is a wide range of sophisticated systems in place to assess the risk of relationships with such PEPs and their associates.

The Bank's KYC program has various policies and procedures in place that prohibit the opening and existence of anonymously and fictitiously named accounts, accounts for unlicensed banks, accounts with shell banks, accounts that fall under the Section 311 designated entities, and those who deal with or provide banking services for the same. Additionally, the processes and documents involved in CBD's KYC procedure are subject to rigorous quality assurance testing.

CBD screens its customers, including beneficial ownership information collected by them during on-boarding and regularly thereafter against the sanctions list. The following are sanctions lists used in the screening processes by CBD:

- UAE Central Bank
- Consolidated United Nations Security Council Sanctions List (UN.)
- United States Department of the Treasury's Office of Foreign Assets Control (OFAC)
- Office of Financial Sanctions Implementation HMT (OFSI)
- European Union Consolidated Lists (EU.)

After the initial screening against the sanctions list, CBD verifies the identity of its customers by gathering and retaining information while conducting CDD. This includes particulars about ownership structure, nature of business, nature, and purpose of the relationship, product use, and source of funds. This screening is carried out with a risk-based approach during onboarding, changes in KYC policy, and trigger events.

When an existing customer that has not previously availed of any credit facility, requests such a facility, they are screened against the Blacklists Database at the Head Office before approving any new facility.

There are various categories of customers and industries that are subject to Enhanced Due Diligence (EDD). These include but are not limited to off-shore customers, P.E.P.s and their associates, extractive industries, regulated charities, and embassies/consulates. CBD performs additional control and quality review on clients that are subject to EDD. These EDD. Assessments contain the elements that are set out in the Wolfsberg Correspondent Banking Principles 2014.

Employees at CBD are also subject to particular screening procedures. On the addition of new partners, directors, owners, or authorized signatories, their names are checked against the Blacklist Database by the Head of Compliance and AML at the Head Office.

Originals or attested copies of amended Articles or Memoranda of Association, fresh mandates, and other documentation usually requested when establishing a new account relationship, are obtained to ensure that any changes are fully documented and understood. The documentation, review, and approval procedures outlined at the customer acceptance stage are applied.

IDENTIFICATION AND REPORTING OF ISSUES

As a group, CBD has a committed Fraud Prevention and Investigation unit to identify, detect, and verify fraudulent activities. In addition, this unit enables the quantification and recoupment of losses incurred from consequent events. The aim is to manage the susceptibility of CBD's assets and operations to the risk of fraud to minimize it and simultaneously create an environment of increased fraud awareness among employees and other stakeholders.

CBD follows a three-tier system of classifying customers based on their risk of money laundering and terrorist financing, namely, Low Risk, Medium Risk, and High Risk.



Figure 5: Measures of Risk

LOW RISK

According to CBD's classification of risk, any non-resident or any individual who is a non- UAE national is categorized as a low-risk individual. Accurate information and documentation must be presented by such parties that have to be approved by the Head of Compliance and AML at Head Office.

MEDIUM RISK

Certain individuals are subject to CBD's Customer Acceptance Committee's approval and come under the Medium Risk category. Individuals and business entities engaged in types of business activities believed or known to be susceptible to money laundering fall under the radar. Free-Zone establishments, dealers of precious metals and stones, real estate, luxury goods, among others require to await approval from the Bank's Committee before being accepted as customers.

PEPs and entities connected with such persons are extensively screened before approval. If the entity is a Private Investment Legal Vehicle or is established in an off-shore jurisdiction (Cayman Islands, Bermuda, Bahamas), an ultimate beneficial owner must be established before onboarding a customer.

HIGH RISK

Individuals categorized as high risk are immediately declined as customers. Such parties include those on the Central Bank's Freeze List or the Blacklist Database, persons with businesses with unlawful activities or sources of funds, and customers involved in the production or distribution of weapons and other military equipment.

Anonymous accounts and ones with fictitious names, persons with possible involvement in illegal activities, are rejected. Those whose ownership cannot be determined or has a structure that prevents an accurate determination of beneficial ownership and parties which do not provide information according to the Bank's KYC policies at the account opening stage are not accepted as customers.

CBD uses this risk-based assessment to paint a clear picture of the authenticity and purpose of individuals. This system categorizes the customers on their risk intensity based on the documentation that is obtained from them. This then facilitates the bank in filtering out key customers from the general public. Once the bank's assessment is conclusive of the risk of the customer, it then implements certain control procedures catering specifically to these risks.

The bank has various mechanisms to identify suspicious account activity. CBD uses independent third parties for a few components of its AML/CTF and Sanctions involving the screening of low and medium-risk customers. These third parties also carry out a Level 1 Review of its sanctions alerts. CBD continuously monitors customer transactions according to the category of risk they fall under. They also have a monitoring program for unusual and potentially suspicious funds covering funds transfers and monetary instruments such as travelers' checks, and money orders.

CBD is highly observant towards cash-intensive businesses like mobile shops, exchange houses, supermarkets, among others. Frequent transactions and transfers to the same accounts, almost daily, that are beyond the scope of the client, and those that do not match their business activities raise red flags. Such individuals' inability to provide valid proof of the source of funds and further use of those funds sets the basis for reasonable doubt of money laundering.

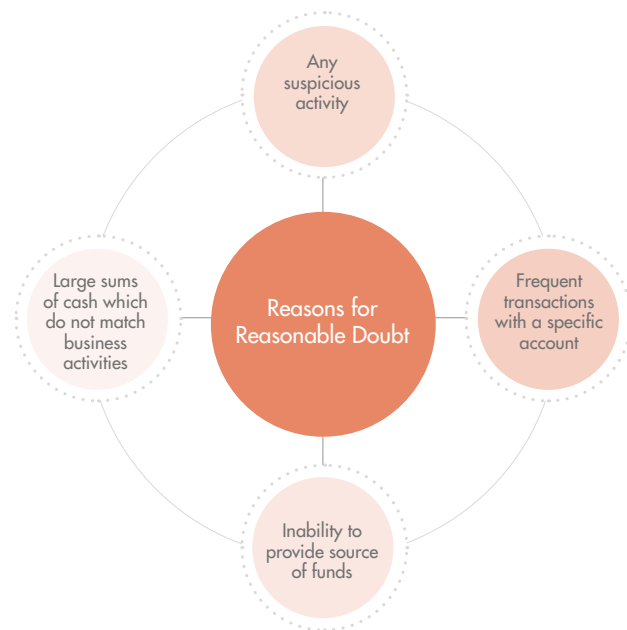


Figure 6: Basis for Reasonable Doubt

The First Line of Defense plays an active role in monitoring account activity. These activities are to be reported directly to the respective AML department. Staff can report such suspicious transactions to the Money Laundering Reporting Officers (MLROs), present at every CBD branch. They determine whether there exists sufficient substance to justify the reporting of any such issue to the Head of Compliance and AML at head office. This triggers a system-generated alert, which is followed up by an internal investigation. If any violations are detected, they are seriously concerned and could lead to severe disciplinary action.

The Commercial Bank of Dubai also has specially designed arrangements to enable employees to report incidents regarding potential violations anonymously. Whistle Blowing and Incident Reporting Policies are such channels that are accessible by all staff members. This correspondence is done confidentially through a whistle hotline number and email-ID. With the help of the whistleblowing policy, investigations and follow-ups are independently and discreetly conducted. These regulations guarantee freedom, security, and well-being while at the same time protecting them from prosecution. (Tamimi, 2013) The whistleblowing policy is supervised by the Association of Corporate Counsel (ACC) alongside executive management.

ENFORCEMENT

Commercial Bank of Dubai collects specific tax-related information and documents from individuals for CRS compliance. Furthermore, they could be required to correspond with the Ministry of Finance through the suitable regulators (Central Bank of UAE for CBD Customers and through Security and Commodities Authority) to ensure it adheres with CRS and applicable enabling legislation.

The Group enforces compliance with applicable laws, regulations, instructions, directives, sound bank standards and practices, and codes of conduct issued by regulatory authorities. Necessary measures are undertaken to solidify the values of integrity and sound ethical conduct by fostering an environment of conformity with relevant rules, legislations, and guidelines.

The Bank's Compliance and Fraud Prevention department implement certain standards to be followed. CBD's business strategies and objectives are aligned with the Group's Annual Compliance Plans, which ensure that the identification, control, and assessment of risks are parallel to the business functions. The bank ascertains that the senior management is well-versed with compliance issues and resolution plans and simultaneously, communicates compliance awareness throughout the Group to contribute to a "no surprise" compliance culture.

The bank is required to meet the regulatory expectations of FATCA and CRS and publish annual audited consolidated reports on its website to maintain transparency. Every Branch Manager generates and retains a hard copy of daily reports. They are also required to ensure that the Branch/Department staff are informed about the latest updates regarding the Bank's AML and KYC policies. All employees are also required to complete the KYC/AML Staff Declaration Form.

The following are the duties of the Head of Compliance and AML at CBD to enforce the AML policies:

- Ensuring in conjunction with the Bank's Training and Development Department, that the staff is adequately trained in KYC and AML procedures and money laundering prevention.
- Representing the bank to all external, third-party inquiries concerning money laundering prevention, investigation, and compliance.
- Ensuring that all departments of the bank are compliant with the stated policy and therefore monitoring the operations and development of the policy to this end.
- Respond promptly to any reasonable request for information made by the regulatory authorities.

Offenders are punished for the following unlawful activities based on the AML/ CTF law in the UAE Federal Law:

MONEY LAUNDERING 10 Years Imprisonment Fine: AED 100,000- AED 5,000,000 Foreigners Deported	TERRORIST FINANCING 10 Years Imprisonment Fine: AED 300,000- AED 10,000,000
FAILURE TO REPORT Imprisonment Fine: AED 100,000- AED 1,000,000	FINANCING AN ILLEGAL ORGANIZATION Temporary Imprisonment Fine: Not less than AED 300,000

Figure 7: Fines for Illegitimate Activities

LESSONS LEARNT

As the corporate world is evolving, several incidents have raised a question relating to credibility and secureness. Hence, the enforcement of more stringent regulations has become the need of the hour. To flourish ethically, it is necessary to conform to its legal and regulatory obligations with the primary goal of compliance. Keeping this in mind, CBD's Compliance department's objectives revolve around protecting the interests of its clients and the bank, demonstrating integrity, and exhibiting good corporate citizenship.

1. Implementing robust AML policies to curb money laundering has been effective in enhancing the economy. These policies are a boost to legitimate businesses and build public confidence within the economy.
2. Establishing a three-tier reporting system enables the institution to be guaranteed to raise questions on "flagged" customers. This ensures that credible questions are raised, and appropriate actions are taken.
3. The first line of defense plays an active role in monitoring account activity; hence adequate training and development of employees facilitate identifying possible instances of money laundering and terminating them from the root level.

4. Following international and locally developed policies amplifies the bank's recognition ability of such activities. This not only promotes economic and social welfare but also advances peace and stability both locally and internationally.

5. The Government, Federal Bank, and regulatory authorities should continue to be vigilant of financial institutions and their compliance policies concerning their conduct regarding AML/ CTF. These regulators form an effective structure in ensuring institutions stay in line with ethical principles.

6. To keep up with the ever-dynamic technological developments, financial institutions should implement competent systems for recording, tracking, and monitoring transactions efficiently.

The responsibility for compliance relies on each & every employee to reflect that the institution as a whole is compliant. This implies that the awareness of the existing policies and procedures is crucial for overall compliance. KYC/AML policies are a fundamental part of the bank's risk management framework. Regulators also view KYC and AML non-compliance in a serious light. Therefore, every employee must understand their respective responsibilities and accountabilities to ensure full compliance with the policies and procedures set out in its document.

CASE STUDY 5

ANTI-MONEY LAUNDERING AT EMIRATES NBD BANK PJSC

Company Name	Emirates NBD Bank PJSC
Headquarters	Dubai, UAE
Sector	Banking Finance Services Insurance
Number of employees	10,000
Annual Revenue	\$4.73 Billion (AED.17.37 Billion)

A BRIEF DESCRIPTION OF EMIRATES NBD

Emirates NBD was formed on 16th October 2007. It is a Dubai government-owned bank, and in terms of assets, it is one of the largest banking groups in the Middle East. (Emirates NBD, 2020) The group has operations in the United Arab Emirates, Egypt, India, Saudi Arabia, United Kingdom, Singapore. At present, there are 9000 employers, representing 70 nationalities.

On 8th November 2017, (Nagraj, A., 2017) Emirates NBD opened operations in Mumbai, which eventually marked its fifth international branch outside of its UAE (United Arab Emirates) network.

Emirates NBD works to enlarge the opportunity, strengthen their community, and improve the under-banked quality of life by speculating on their social commitments. Their sustainability report complies with the GRI (Global Reporting Initiative)

standards. (Emirates NBD, 2019) It sums up their commitments to their stakeholders and highlights their performance across the socioeconomic, environmental, community, and governance practices. In April, Emirates NBD participates in Autism Awareness by engaging their exchangers with their partner's activities. (Emirates NBD, 2020)

Emirates NBD PRIDE (People Receiving Independence and Dignity through Empowerment) aims to tackle the challenges within the ecosystem. They are:

- Lack of inclusion in education and workplace
- Unaffordable Assistance
- Absence of a specialized curriculum
- Lack of expertise

In partnership with Al Noor Training Centre for Children with special needs, Emirates NBD branches across the United Arab Emirates welcomed the Smiles N' Stuff Bazaar in September and February.

DESCRIPTION OF THE INTEGRITY-RELATED PRACTICE

Anti-laundering money refers to the prevention of unlicensed funds as legitimate income. The primary drive for anti-money laundering is to discourage money laundering while protecting the customer's confidentiality and fulfilling their financial needs. Many businesses and organizations enforce controls to counter money laundering (Corporate Finance Institute, 2020). These controls include-

1. **Criminalization:** Individuals found guilty of money laundering must face persecution by the government.
2. **Know Your Customers:** A policy called "Know your Customers" is implemented in organizations to prevent money laundering. Under the policy, employees monitor the activity of their customers and familiarise themselves with the type of transactions that can be seen as suspicious. Any suspicious activity is reported to a financial investigation unit.
3. **Record Management and Software Filtering:** Organizations should conduct a detailed transactions with their customers and execute software that can detect suspicious activity.

POLICY DEVELOPMENT

Emirates NBD Bank complies with the standards as given by the Anti Money Laundering (AML) and the Know Your Customer (KYC) Questionnaire situated in its Head Office and domestic branches in the UAE. (Wong, M.S.C., 2018)

The AML policy mandates that financial institutes disclose to the regulators any financial fraud they discover.

The KYC questionnaire helps the company to understand its customers better. It also complies with the company's values for protecting the confidentiality of its customers. The company has an officer responsible for maintaining the AML framework. The AML policies and practices are applied to all branches and subsidiaries of the financial institute, both in the home country and in locations outside their administration. (Wong, M.S.C., 2018).

Moreover, training is provided to all suitable employees for identifying and reporting transactions to government authorities.

PROCESS FOR EMBEDDING THE PRACTICE WITHIN THE ORGANIZATION

No customer account is opened until all documentation required by the bank is received and, in the bank's opinion, satisfactory to open the account.

The bank does not accept any third-party cheques for the initial funding of the opening of any account.

No book will be issued for any account which does not follow the law requirements and the directives of the central bank of UAE.

Any delay or omission by the Bank in exercising or enforcing (whether wholly or in part) any right or remedy arising in respect of the Account shall not be construed as a waiver of such right or remedy.

The Customer must immediately inform the Bank in writing any change in the details given on the Customer Information/Account opening form/application and any subsequent changes thereto.

The Customer may be given an option to access his Account statement via the Internet Banking Service if he subscribes to the Bank's Internet Banking Service. If the Customer opts from this Service, once the Account statement becomes available on the Bank's website, the Bank will deliver a notice of availability (the Notice) to the Customer's email address in the Bank's record.

The Bank shall not be held liable for any exchange loss incurred by the Customer in converting or transferring the balance from one currency account to another currency account of the Customer or any third parties.

The Customer agrees that the Bank shall abide by the applicable laws and competent authority's instructions to freeze any funds in the Customer's Account or take any action necessary if the Bank believes that funds have been obtained through illegal means or transactions. The Bank may report any suspected or confirmed money laundering or other suspicious or illegal activities or transactions in or related to the Account or Banking Services to the United Arab Emirates' competent authorities.

The Bank shall have the right at any time and its absolute discretion and without giving written notice to the Customer to close the Account without giving any reason and request immediate settlement of any outstanding balances due to the Bank. The Customer hereby agrees that the Bank's action in closing the Account shall be effective and binding upon him.

If cheques issued on the Customer Account return or bounce unpaid due to insufficient balance in the Account, the Bank may close the Account according to the Central Bank of United Arab Emirates' applicable laws and regulations. The Customer understands that the

Bank will report such Account and related details to the Central Bank of United Arab Emirates and any relevant authorities.

The Customer may close the Account by giving prior written notice at any time to the Bank after payment of all monies due to the Bank at the time of closing the Account.

The Bank may close or suspend dealings on the Account after deduction of all monies due to the Bank, and cease accepting funds to be credited in the Account, without prior notice to the Customer and without giving any reason and without breach of duty to the Customer either at the Bank's instance or instance of any court or administrative order. The Emirates NBD policies have been made with consultation of lawyers, employees, and the central bank of UAE. The policies were developed after the lawyers and employees found out many loopholes. The central bank of the UAE has also brought up new laws and regulations to strengthen the customer and the bank's relationship. Additionally, Emirates NBD ensures that its regulatory commitments are met by inspecting new products and adopting several risk-based compliance monitoring (Emirates NBD, 2020).

IDENTIFYING AND REPORTING OF ISSUES

In association with the Dubai government, Emirates NBD (2020) announced a comprehensive relief package to help customers ease financial pressures in the current economic environment caused by the coronavirus (COVID-19) outbreak.

INDIVIDUAL CUSTOMERS:

- Retail loan customers who have been placed on unpaid leave by their employers can approach the bank for a repayment holiday of up to three months with zero interest and fees.
- Customers who have availed of personal loans, auto loans, or mortgages can apply for a one-month repayment holiday with zero fees.
- All First-time homebuyers can benefit from a 5% increase in the Loan-to-Value ratio (LTV) and a full waiver of processing fees.
- A refund of charges on cash withdrawals done using debit cards on all ATMs of other banks across the UAE
- Credit card customers can benefit from Interest-free plans for all school fee payments and grocery purchases with no processing fees for up to 6 months. Besides existing attractive low interest, installment plans are available for higher tenors across all retail purchases.
- Customers who may need to cancel their travel bookings on their credit and debit cards will receive a refund of the bank's foreign currency transaction fees.
- Customers using credit cards for cash withdrawals will enjoy a 50% reduction in the cash advance charges.

SMALL BUSINESS CUSTOMERS:

- Small business customers who have availed merchant loans, equipment loans, or business vehicle loans and have been impacted by the ongoing COVID-19 situation can apply for a repayment holiday of 3 months with zero interest and fees.
- Reduction of the monthly minimum balance required for basic business banking account to AED 10,000. Also, the minimum balance charges for the basic business banking account will be waived for a period of 3 months.

BUSINESS BANKING CUSTOMERS:

- Business Banking customers with working capital facilities impacted by the ongoing Covid-19 situation are encouraged to contact their respective relationship managers to achieve an optimal financial solution.

WHOLESALE BANKING CLIENTS:

- Relief measures prioritize key industry sectors contributing to the UAE economy that have been most affected in the current situation, including healthcare, aviation, hospitality, retail, event management, consumer goods, and education, by offering refinancing, repayment deferrals, or lower repayments where required.
- Reduced bank charges for digital trade transactions for all trade finance customers. Customers using digital platforms are offered a significant reduction in transaction processing and handling fees and new activations at zero cost for the next three months.
- The banks are also providing their customers with enhanced credit and trade lines to manage ongoing operational costs.

TRADING CLIENTS

- The banks have announced support for affected customers trading in the UAE bourses by offering suitable installment payment plans against additional collateral to regularise their margin trading positions.
- Respective Relationship Managers will continue to work alongside, and support customers faced with margin calls on their share portfolios.

INDIVIDUAL CUSTOMERS AND CARDHOLDERS:

- Customers who have availed of personal finance, auto finance, or mortgages can apply for a one-month repayment holiday with zero fees.
- Debit Cardholders can now withdraw cash for free from any other Banks' ATMs in the UAE.
- Customers using credit cards for cash withdrawals will enjoy a 50% reduction in the cash advance charges.
- Credit Cardholders can avail of 0% Easy Payment Plans (EPP) on school fee transactions with zero processing fees.
- Credit Cardholders can benefit from special pricing on EPP & Cash on Call and 0% on Balance Transfers.
- Cardholders can request refunds on foreign currency charges related to Travel/Hotel cancellations.

CUSTOMERS WITH EXISTING AND NEW FINANCE FACILITIES:

- Financially impacted customers (unpaid leave, other valid reasons) can request up to 3 deferred months installment without fees and profit charges.
- Debt consolidation solutions can be provided upon request.
- Finance to property value for first-time homebuyers increased by 5% (up to 85% for UAE Nationals & up to 80% for Expatriates)

PRIORITY BANKING CUSTOMERS:

- Priority Banking Relationship Managers are always available to support customers.
- Margin Calls for customers trading on the stock market: The two banks will work alongside and support those faced with margin calls on their share's portfolio.

The two banks encourage members facing this situation to get in touch with their Relationship Managers to discuss and agree on optimal solutions.

BUSINESS BANKING CUSTOMERS:

- Digital Account Package: Waiver of minimum balance fee for maintaining a minimum balance requirement of AED 10,000 until 30 June 2020.
- Deferment of three months installment upon request for clients with a Business Finance facility.
- Commercial Banking customers with Finance facilities from the two banks and whose businesses are affected by the current situation can contact their Relationship Manager to discuss restructuring solutions.
- Customers can benefit from all the advanced features of the two banks' digital platforms at discounted rates.

WHOLESALE BANKING CUSTOMERS:

- Customers with working capital facilities impacted by the ongoing Covid19 situation are encouraged to contact their respective relationship managers to achieve an optimal solution.
- Relief measures will support key sectors affected by the Covid 19 situation by offering need-based refinancing, repayment deferrals, or lower repayments where required.
- Reduced charges for digital trade transactions for all trade finance customers. Customers using digital platforms can significantly reduce transaction processing and handling fees and new digital platforms activations at zero cost for the next three months.
- Customers will also be encouraged to use the two banks' digital platforms for their Cash Management needs at considerably reduced charges.

ENFORCEMENT

On June 30th, 2019, Emirates NBD (2020) has announced that they will join the initiative with the Dubai Police; the launch of a UAE-wide #Secureyouraccount campaign aims to raise public awareness and education on cybersecurity.

This service campaign is a part of Emirates NBD's ongoing initiatives to remind customers that the bank would never ask for personal details such as online or mobile banking password, Card PIN, or the Three-Digit CVV Number on the back of the card and to remain cautious about fraudulent emails, links, websites, or calls to protect themselves against potential.

As a part of its commitment to safe and secure banking, Emirates NBD conducts constant SMS and email campaigns and post messages across the social media platforms to sharpen customers to potential phishing and vishing attempts and remind them not to share their details with anyone.

LESSONS LEARNED

- As mentioned, Anti-money laundering refers to the laws, regulations, and procedures intended to prevent criminals from disguising funds illegally. It is a mandatory contrivance to keep an AML (Anti-Money Laundering) Policy to safeguard from keeping illegal funds.
- Therefore, the lesson learned in this case study is that to enlarge your business, it is always better to go on the right track rather than doing it illegally.

HOW TO GET INVOLVED

The Pearl Initiative works tirelessly in its quest to promote a corporate culture of accountability and transparency for improved socio- economic outcomes across the Gulf region.

It is a by-business, for-business organisation, and without the input and support of its partners, the Pearl Initiative would not be in a position to develop programmes that are relevant to and supportive of the businesses operating within the Gulf region.

The Pearl Initiative's network of partners shares its vision and values and is growing with the recognition of the necessity for enhanced corporate governance standards and practices in the regional Private Sector.

By joining the Pearl Initiative as a partner, organisations can:

- Join the Integration Board and CEO Council to input into Pearl Initiative activities while networking with other partners.
- Publish joint thought leadership, opinion editorial articles, and press publications. Receive upfront activity plans and invitations to events.
- Be associated with the preparation and publication of key reports. Participate in annual Pearl Initiative conferences.
- Leverage speaking opportunities across regional events. Be part of an alliance that is raising the bar on awareness of the value of corporate accountability and transparency in the Gulf region.
- Get privileged access to a community with the latest insights on best practices in corporate governance.
- Leave a legacy for the development of students, and leaders of tomorrow.

To engage with the Pearl Initiative and to explore partnership opportunities, contact:
enquiries@pearlinitiative.org

To learn more about the Pearl Initiative...



Follow us on Twitter
<https://twitter.com/PearlInitiative>



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Stay up to date with us on Instagram
<https://www.instagram.com/thepearlinitiative>

ABOUT THE PEARL INITIATIVE

OUR PURPOSE

FOSTERING A CORPORATE CULTURE OF ACCOUNTABILITY AND TRANSPARENCY IN THE GULF REGION

Founded in 2010, the Pearl Initiative serves the Private Sector across the Gulf region to improve corporate accountability and transparency. It is a regionally focused growing network of business leaders committed to driving joint action, exhibiting positive leadership and sharing knowledge and experiences, in order to positively influence the entire regional business and student community towards implementing higher standards.

STRATEGIC PARTNERSHIPS

ESTABLISHED IN COOPERATION WITH
THE UNITED NATIONS OFFICE FOR PARTNERSHIPS

STRATEGIC PARTNERSHIP WITH THE UNITED
NATIONS GLOBAL COMPACT

KEY CHARACTERISTICS

- ✓ Gulf region Focus
- ✓ Drive for Competitiveness
- ✓ Non-Profit Independent Organisation
- ✓ Created by Gulf Business, for Gulf Business

WHAT WE DO

To reach and influence the business and student communities, the Pearl Initiative:



SHARES INSIGHTS

We develop and publish reports, insights and good practice references to help businesses independently enhance their capabilities.



CREATES NETWORKS

We bring together business, government and civil society decision makers to share best business practices and help maximise the economic opportunities available in the region.



BUILDS KNOWLEDGE

We help build knowledge by bringing experts together with businesses, and host a series of complimentary workshops, roundtables, focus groups, and training sessions.



INSPIRES ACTION

Our focus on impact and collective action guides what we do to ensure we are working together with the community to inspire action and

KEY TOPICS OF INTEREST

SPECIFIC CORPORATE GOVERNANCE TOPICS INCLUDING



Anti-Corruption Best Practices



Diversity in Business Leadership



Corporate Reporting Best Practices

GOVERNANCE IN FOCUS



Corporate Governance in Micro, Small and Medium Enterprises (MSMEs)



Governance in Family Firms



Governance in the Philanthropic and Non-Profit Ecosystem



Corporate Governance in the Technology Sector

KNOWLEDGE TRANSFER



The Business pledge



Executive Education

OUR PARTNER





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