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COOPERATIVE BANK OF OROMIA S.C.

LEGAL SERVICES POLICY

June, 2023

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Preamble

Whereas, strong culture of compliance with laws, regulations, directives, codes of conduct and operational standards is highly necessary;

Whereas, proactive efforts to avert or manage legal risks that would arise in business of the bank are crucial to achieve the vision of the bank;

Whereas, effective and efficient management of legal matters requires laying down policy directions and clear lines of roles and responsibilities;

Whereas, achieving the vision and living the mission of the Bank requires competent, diligent, responsible and ethical human capital that proactively and reactively, as the case may be, manages legal risks;

Now, therefore, this legal services policy is issued to set out the arrangements for the coordination, management and provision of legal services in the Bank.

Chapter One

General

1. Short Title

This Policy shall be cited as "Legal Services Policy of Cooperative Bank of Oromia S.C."

2. Definitions

In this Policy unless the context requires otherwise, the terms listed here under shall mean:

- 2.1. **"ADR (Alternative Dispute Resolution)"** settlement of disputes between the Bank and third party through Arbitration, Conciliation and/or Mediation.
- 2.2. **"Attorney"** an in-house lawyer of any grade who is employed and is working in the Legal Services Process of the Bank.
- 2.3. **"Bank"** Cooperative Bank of Oromia S.C.
- 2.4. **"Board of Directors"** Board of Directors of Cooperative Bank of Oromia S.C.
- 2.5. **"Concerned Bank Organ"** organ of the Bank that seeks legal services or forwards any case to the Legal Services Process of the Bank for legal relief.
- 2.6. **"Conflict of Interest"** a situation where in discharging duties a staff faces a situation where her/his interests leaves her/him in dilemma which to choose.
- 2.7. **"Contracts"** any legally enforceable unilateral written undertaking; bilateral, tripartite or multilateral written agreement between the Bank and other external organ/party.

- 2.8. **"Court"** Judicial organs (Federal or Regional) duly established under the laws of Ethiopia.
- 2.9. **"Director"** Director of Legal Services Process.
- 2.10. **"Drafting"** Preparation, Review or/and Renewal of legal documents and their amendments thereof.
- 2.11. **"Early Involvement"** the taking part of the Legal Services Process as soon as a case that needs the consultation/review of the Process ensues/happens.
- 2.12. **"E-lawyering"** rendering legal services using internet and internet enabled devices.
- 2.13. **"Foreclosure"** a process of selling (by auction) of properties that has been pledged/mortgaged as collateral for the repayment of the loan based on Foreclosure Proclamation.
- 2.14. **"Legal Advice"** a legal opinion or advice rendered by the Process to the Bank and its organs upon request or by its own initiation.
- 2.15. **"Legal Risk"** the anticipated, foreseeable or unforeseeable risk of loss to the Bank which is primarily caused by a defective transaction or a claim made or some other event occurring, which results in a liability of the Bank.
- 2.16. **"Person"** Natural or juridical person.
- 2.17. **"President"** the President of the Bank.
- 2.18. **"Policy"** Legal Services Policy of the Bank.
- 2.19. **"Process"** the Legal Services Process of the Bank.

3. Governing Rules

All the provisions of the legal services policy of the Bank shall comply with:

- 3.1. Laws, Regulations and Directives of the country;
- 3.2. Conventions applicable to the banking industry to which the country is signatory
- 3.3. International industry practices and uniform rules applicable to banking industry.

4. Scope of the Policy

This Policy shall apply to all organs of the Bank that, in one way or another, engage in handling issues/cases involving legal matters. All units of the Bank shall use this policy in their operations.

Chapter Two

Policy Objectives and Statement

5. Objectives of the Policy

The objectives of this policy are to:

- 5.1. Ensure compliance to laws, regulations and directives by organs of the Bank at all levels and provide ways to mitigate legal risks,
- 5.2. Set framework for provision of effective and efficient legal services in the Bank,
- 5.3. Lay down the direction to assess, identify, and monitor legal risks through proactive measures,
- 5.4. Set direction for effective and efficient handling of litigation including ADR mechanisms,
- 5.5. Ensure early involvement and consultation of the Process on high value/stake business negotiations, decisions, projects, product developments and sensitive cases/issues.

6. Policy Statement

Averting and/or minimizing legal risks in the Bank requires the full attention and commitment of all organs of the Bank in their daily operations. Hence, all organs and performers of the Bank shall comply with laws, regulations, regulatory requirements and internal bylaws. As a business entity that values relationship, the Bank pursues litigation only as an option of last resort. The underlying principle on which the policy is based is “Prevention than Litigation-Proactive Approach to Reactive Approach”.

Chapter Three

Roles and Responsibilities

7. Roles and Responsibilities of Board of Directors

The Board shall have the following authorities and responsibilities:

- 7.1. Approves the Legal Services Policy;
- 7.2. Oversees the implementation of the legal services policy and the overall services provision of the process;
- 7.3. Provides strategic oversight on culture of legal compliance in the Bank;
- 7.4. Supports the process to discharge its roles and responsibilities efficiently and effectively.

7.5. May contact the Director for legal consultation.

8. Roles and Responsibilities of the President:

The President of the Bank shall have the following roles and responsibilities:

- 8.1. Approves the Procedure of the Process;
- 8.2. Oversees the proper implementation of this policy and the approved procedure,
- 8.3. Ensures enhancement of law-compliant culture in the Bank,
- 8.4. Supervises operation of the Process and supports it with necessary logistics and skill acquisition/development.

9. Roles and Responsibilities of the Process:

The Process is primarily responsible to handle all the legal affairs of the Bank. The roles and responsibilities of the process are, among others, are:

- 9.1. Providing of all sorts of legal advices/opinions,
- 9.2. Conducting of legal research and administration of training,
- 9.3. Drafting of legal documents,
- 9.4. Representing the Bank in litigation, arbitration, conciliation, mediation in courts of law, tribunals or forums, as the case may be, and in foreclosure proceedings.

10. Roles and Responsibilities of the Director:

The Director shall have the following roles and responsibilities:

- 10.1. Ensures proper understanding and implementation of this policy by all performers of the Bank,
- 10.2. Ensures the proper handling of legal affairs of the Bank in light of the relevant laws of the country and the practice of the legal profession,
- 10.3. Proposes proactive strategies that would help to prevent the occurrence of legal risks and/or reactive methods to manage legal risks upon their occurrence,
- 10.4. Plans and coordinates the activities of the Process as per pertinent laws, regulations and directives of the country, and internal rules of the Bank,
- 10.4. Proposes and oversees the outsourcing of local or foreign legal cases/issues of the Bank as per rules of the profession,
- 10.5. Supervises and manages the preparation of legal procedures, guidelines, circulars to be used by the Bank.

11. Roles and Responsibilities of the Managers:

The Team Managers shall have the following roles and responsibilities:

11.1. Manager, Research, Advice and Drafting (RAD) Team:

- 11.1.1 Supervises and coordinates legal research, legal advice and legal drafting activities in and by the Process,
- 11.1.2. Provides researched advises and/or opinions on issues/cases directed to the team and reports same to the Director,
- 11.1.3. Supplement inputs for research and development, and compliance and risk management process on legal issues related to existing laws to proactively avert legal risks or to reactively manage/mitigate them in the event of occurrence.

11.2. Manager, Litigation and Foreclosure (LF) Team:

- 11.2.1. Supervises and coordinates all pre-trial, trial, appeal, cassation, execution and foreclosure activities of the Process,
- 11.2.2. Ensures the litigation and loan recovery processes are compliant to relevant laws, rules and procedures and report to the Director,
- 11.2.3. Supplement inputs for research and development, and compliance and risk management process on litigation and loan recovery,

12. Roles and Responsibilities of Attorneys:

Each Attorney of the Process shall have the following roles and responsibilities:

- 12.1. Diligently handles legal cases/issues of the Bank as per the ethics of the legal profession and in accordance with laws of the land as well as the practice in the industry,
- 12.2. Provides legal services as per the pertinent laws, regulations, directives, the Bank's policies and procedures,
- 12.3. Executes and performs other duties assigned to him/her by the Director/Team Manager.

13. Roles and Responsibilities of Process Owners and Branches:

Process Owners, Team Managers, Branch Managers and all Staff of the Bank shall have the following roles and responsibilities:

- 13.1. Comply with this legal services policy.

- 13.2. Identify and submit in writing to the Process issues or problems they encounter in their work area to proactively make early assessment, detect legal risks and monitor them accordingly,
- 13.3. Cooperate with the Process by providing of information and evidences, resources, and time necessary for an efficient and cost effective delivery of services by the Process.

Chapter Four

Requests and Services

14. Legal Service Requests

Requests for legal services shall be made to the Process:

- 14.1. In written form signed and sealed by the requesting organ. However, in exceptional and urgent cases services may be requested orally.
- 14.2. Include clear and sufficient information about the matter or transaction and copies of all relevant documents with verification that the copies are checked against the originals and are genuine.
- 14.3. Any legal services requested from Process must relate to the business and interests of the Bank. The Process cannot provide legal services or advice of a personal nature.

15. E - lawyering

The Process shall:

- 15.1. Automate its service delivery and progressively implement information technologies in its service delivery arrangement.
- 15.2. Implement means of technology to interact with customers/user organs and rendering of legal services by e-lawyering and virtual mechanisms.

16. Outsourcing

- 16.1. The Process is the main organ responsible to handle all the legal affairs of the Bank. However, the Bank may, in exceptional cases, retain external lawyers or outsource specifically the provision of certain legal works taking into consideration the workload of the Process, the expertise and skill the service requires.

16.2. The decision to outsource shall be made by the decision of the President upon initiation by the Director.

17. Legal Training

Legal training involves equipping the employees of the Bank with basic practical legal knowledge and skill to help them execute their duties in accordance with the laws of the country.

18. Legal Research

18.1. The Process shall conduct a research and analysis in order to respond to the quest for legal service of any sort, even though, the extent and depth of the research work varies based on the interests of the Bank.

18.2. The Process shall conduct Legal Research primarily with objectives to identify, assess, monitor and control/mitigate legal risks; and to ensure and help the Bank operates with compliance to the legal and regulatory framework.

19. Legal Drafting

The Process shall undertake the drafting of different legal documents taking into account the interest of the Bank.

20. Legal Advice and Guidance

Legal advice involves an oral or written legal relief or remedial opinion or professional conclusion and judgment for the requests from the organs of the Bank and the customers. The Process shall provide timely and reliable legal services and legal advice to the entire organs of the Bank.

21. Litigation

Litigation is pleading a case in courts of law, quasi-judicial organ, ADR tribunal and other judicial organs on behalf of the Bank as well as representing the Bank at governmental and non-governmental organs and includes pleading representing the Bank as plaintiff or defendant as well as intervention as the case may be. Moreover, it includes the series of adjournments attended to plead cases.

22. Foreclosure

Foreclosure is a process of loan recovery. The Process is executed by the auction sale of the collateral property of defaulted loans. It is the recovery of loan through the public sale of the mortgaged/pledged property of the defaulting borrower or third party as the case may be.

Chapter Five

Miscellaneous

23. Reporting

The Process shall put in place reporting mechanism that is comprehensive, accurate, and consistent internally and across business lines.

24. File Management

- 24.1. The Process institutes means to archive files in hard copy or by electronic form, as cases may be, for the naming, storing and handling files.
- 24.2. Each document shall be distinctly numbered and attached and kept in safe custody in the file in chronological order. The documents shall be confidential and accessible to authorized personnel only.

25. Amendments

- 25.1. This policy shall be revised every three years. However, whenever it is necessary to accommodate changes in the laws of the country or the practice in the Banking sector it can be amended whenever the change occurs.
- 25.2. This policy and its future amendments shall be signed and communicated by the Board Chairman to the relevant organs of the Bank.

26. Power to Issue Procedure

The President may issue procedures to assist with the implementation of this policy and the coordination, management and provision of legal services of the Bank.

27. Repeal

Any procedures and/or guidelines in connection with legal services delivery that contravene the provisions of this policy are hereby repealed and replaced by this policy.

28. Effective Date

This Policy shall come into force as of 24th day of the month of June 2023.

