

The Commercial Bank (P.S.Q.C) Corporate Governance Charter

01-01-CTR-002
December 2023
Version 10.0

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Charter Revision History and Approval

Revision History				
Revision Number	Issue Date	Amendment Description	Date Effective	Next Revision Date
2.0	March 2016	General Update		
3.0	May 2017	Updating all relevant sections as per the amended Board and Board Committee Structure – April 2017, Amending Head of Corporate Affairs to Board Affairs Manager & Head of Corporate Affairs in the Charter, Changing whistle-blowing channels to Reporting Fraud channels in line with the revised Bank-wide Anti-Fraud Policy, Adding an item in the Guidelines for Board Remuneration section in accordance with QCB Circular 18/2014 and Amending BACC section in line with QCB CG Guidelines issued to Banks.		
4.0	October 2018	General update on all relevant sections in line with the QFMA Governance Code for Companies & Legal entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016, published in the Official Gazette Issue No. (6) Dated 15 May 2017.		31 October 2021
5.0	October 2019	Update of "Board Supervision" section in respect of Bank representatives on the board of subsidiaries in line with Article 38 of the QFMA Corporate Governance Code		
6.0	September 2020	Update to Section 13: Insider Trading section, including details of the close period. Update to Section 11: Whistle-blowing to align the Bank's whistle-blowing policy. General update to align with Human Capital Employee Handbook (12-12-PRO-001). Update to Section 7: Related Party Transactions to reflect provisions of QCB Circular No.25/2020. Update to Section 2.2: the Board's responsibility towards the Bank's subsidiaries		

7.0	September 2021	Section 6.2.6: Preparation of Sustainability Report added. Minor update: Reference to CEO changed to GCEO throughout. Reference to Human Capital Employee Handbook changed to (12-12-PRO-001) Update according to CCL No. (8) of 2021		September 2024
8.0	December 2021	Minor update to reflect split of BEC into BCC and BP&S		
9.0	October 2022	Updates for compliance with QCB Circular 25/2022		
10.0	December 2023	Number of directors from 12 to 11 Minor amendments per new regulations		

Review		
Authorised Reviewer	Date	Signature(s)
Head of Corporate Affairs		
Group Chief Executive Officer		
Board Remuneration, Nomination and Governance Committee	11/12/2023	M. Mandani Tariq Al Malki 
Board of Directors	24/12/2023	abdulla al thani Jabon Al Thani M. Mandani Hussain Alfardan  Mohammed Almosallam  ijalothman Tariq Al Malki  

The Head of Corporate Affairs will formally review the Charter for its completeness, adequacy, and alignment to business imperatives (current and future) once in three years or on a more frequent basis if deemed necessary. Kindly refer to Section “4 – Maintenance of the Charter” for additional details.

I. Introduction

1 Objective of the Charter

The Commercial Bank (P.S.Q.C.) (hereinafter 'Commercial Bank' or the 'Bank') recognises that an effective corporate governance framework is vital to ensure achieving the Bank's corporate objectives and maximizing shareholder value.

The objective of this Charter is to establish the corporate governance practices and protocols that shall be observed by Commercial Bank in compliance with its Articles of Association (AOA); corporate governance regulations issued by Qatar Central Bank; the Qatar Financial Markets Authority governance code for companies & legal entities listed on the main market, and other relevant laws, regulatory requirements and in line with relevant corporate governance leading practices.

This Corporate Governance Charter should be read in conjunction with the Bank's Board of Directors Charter (01-01CTR-001) and Board Committees Charter (01-01CTR-003) as they constitute an integral part of the Bank's corporate governance framework.

2 Scope

This Charter captures the detailed guidelines of the Bank's governance framework. It falls within the responsibilities of the Bank's Board of Directors (the 'Board' or BOD) to ensure the observance of the governance guidelines set forth in this Charter. With respect to its subsidiaries, the Bank's Board shall assign representatives to sit in the subsidiaries' board who shall regularly report on the activities/operations and plans of the concerned subsidiary, including decisions taken, to the Bank's Board. The custodianship and change management of this Charter resides with the Corporate Affairs Department.

3 Confidentiality and Distribution of the Charter

This Charter shall be made available to the public in line with the transparency and disclosure requirements as per the Qatar Central Bank (QCB) Corporate Governance Guidelines for Banks and Financial Institutions and the Corporate Governance Code for Companies and Legal Entities Listed in the Market regulated by Qatar Financial Markets Authority (QFMA).

The Bank directors and employees should read and understand the Charter so that they can comply and help others comply with the provisions established.

4 Maintenance of the Charter

This Charter should be reviewed at least once every three years for updates by the Head of Corporate Affairs. The Bank's Board Members, Executive Management and staff may recommend changes to the Charter by discussing the same in the relevant Board Committee or the Board (in the case of Board Members) or referring to their appropriate direct reporting line authority (in case of employees).

Review and Update of the Charter

Revisions of this Charter are the principal ways of implementing and communicating changes that may arise in response to the changing needs and requirements of the Bank. All amendments, additions or deletions in the Charter should be properly documented and authorised/ approved prior to implementation (refer to Board Delegation of Authority (01-01-DOA-001) for DOA revision approval process.) The Head of Corporate Affairs shall be the focal point for Charter revisions to reflect applicable new (or updates in) laws and regulations (if any). Moreover, the Charter also needs to be reviewed due to internal factors that include but are not restricted to the introduction/ change/ discontinuation of new services/ operations or other organisational re-alignments. Requests for revision of this Charter shall be raised to the Head of Corporate Affairs through a Charter Revision Proposal (Appendix A).

Revision Procedures

Upon updating the Charter, the following activities and revisions shall take place:

1. The date should be updated through the use of the Month and Year on the cover page, revision history page and header of the document.
2. The version number should be updated on the cover page, revision history page and the header of the document. The version number increases by one with every update.
3. The revision details are highlighted in the “Amendments Description” table found on the revision history page.
4. The file name should be updated in accordance to the latest date and version number.
5. The Charter is distributed to the relevant stakeholders and their acknowledgment is obtained using the form provided in Appendix B.
6. The non editable soft copy of the Charter is maintained for internal distribution. The custody of the signed hard or digital copy document shall be held by the Corporate Affairs Department.

Audit

Application of the Charter is reviewed on an annual basis by the Head of Corporate Affairs, and compliance thereof shall be regularly reviewed by the Bank’s Internal Audit function. In case non-compliance has been identified, the Chief Internal Auditor shall review the reasons for such non-compliance and report them as required. Depending on the conclusions of this review, the need for a revision to the Charter may be identified. The Head of Corporate Affairs (or the GCEO if required) may be asked to issue either general or specific reminders to staff regarding the provisions established in the Charter.

5 Policy on Non-Compliance

It is the responsibility of the Corporate Affairs Department (i.e. 'the owning entity') to report an incident of non-compliance with respect to this document in coordination with other functions (e.g. Compliance, Human Capital, Internal Audit, etc.). Incidents of non-compliance can alternatively be reported by any other Board Member or department/ unit personnel who become aware of the non-compliance.

With respect to Board Members, such non-compliance shall be reported and discussed in the Board Executive Committee for appropriate decision/ action and escalation to the Board.

Incidents of non-compliance by employees shall be reported by the concerned employee's immediate supervisor who in turn will report the matter to the Head of Corporate Affairs. In addition, Operational Risk Department will be informed and will follow applicable policy to monitor Bank wide non-compliance matters. Bank employees who fail to comply with this Charter will be subjected to disciplinary action in line with the Human Capital Delegation of Authority Manual (12-01-DOA-001). The precise action to be taken will depend upon the gravity of non-compliance and could range from issuance of warning letters to recommendation for termination of employment based on the Bank's approved penal code.

6 Regulatory Compliance

The Charter has been prepared with due consideration of applicable laws and regulations within the State of Qatar, including the following:

- Qatar Central Bank (QCB) Law and Regulation of Financial Institutions
- Qatar Central Bank (QCB) Instructions to Banks;
- QCB Corporate Governance Guidelines
- Qatar Financial Market Authority (QFMA) Corporate Governance Code for Companies & Legal Entities Listed on the Main Market
- Qatar Exchange (QE) Regulations;
- Commercial Companies Law (CCL); and
- Commercial Bank's Articles of Association (AOA).

In the event that a conflict exists between this Charter and regulatory pronouncements, the latter shall take precedence. Amendments to the Charter should then be made to ensure compliance. Moreover, the Bank shall ensure that it is in compliance with applicable laws and regulations of the countries that it operates in. If such conflicts arise, the legal SBU should be consulted.

7 Summaries

This Charter provides guidance over the following:

Board of Directors: This section describes the Board authority, roles and responsibilities, protocol on nomination and appointment of directors, guidelines on removal from office of Board Members, Board structure and composition, Board Member performance evaluation, as well as Board training and development among others.

Board Supervision: This section describes the responsibilities and functions that the Board may delegate to its committees, within the boundaries of applicable corporate governance regulatory provisions, with respect to the oversight on governance and Bank operations. It also captures Board's supervisory responsibility with respect to the Bank's subsidiaries and affiliates.

Management Supervision: The purpose of this section is to define the framework on the Board's exercise of its supervisory and oversight over the Bank's day-to-day operations.

Succession Planning: This section formalises the guidelines relating to the Bank's succession planning framework.

Remuneration for Board Members, Management and Staff: This section defines the Bank's remuneration framework for its Board Members, management and staff.

Governance Compliance and Reporting: This provides an overview on the Bank's policy relating to compliance with and reporting of corporate governance requirements.

Related Party Transactions and Conflict of Interest: This section details the protocols with respect to transactions with Related Parties and the handling of actual or perceived conflicts of interests arising in line with the Bank operations and activities.

External Audit: This section sets out the protocols to be followed in availing and appointing External Auditors and the Board's oversight over the conduct and results of their work.

Confidentiality: This section defines the principles and guidelines required in order to maintain the confidentiality of Bank's information.

Whistle-blowing: This section provides guidelines on avenues for the Bank employees to report instances of actual (or perceived) misconduct in the workplace.

Relationship with Stakeholders: This section delineates the guidelines and standards which promote good relations through effective communication between the Bank and its shareholders and other stakeholders.

Insider Trading: This section discusses insider trading issues and the appropriate actions that must be taken by the Bank.

Corporate Social Responsibility: This section describes the guidelines observed in promoting corporate social responsibility.

Internal Control System: This section details the internal control system employed by the Bank to ensure that the Bank's records are accurate and reliable, transactions are properly authorized, and assets are adequately safeguarded.

Code of Ethics: This section provides an overview on the expected standards of professional conduct for the Bank directors, employees and service providers.

8 Reference to Related Documents

This Charter shall be in line with:

- Commercial Bank Articles of Association
- Organisational Structure
- Commercial Bank Risk Charter (14-01-CTR-001)
- Board of Directors Charter (01-01-CTR-001)
- Board Committees Charters (01-01-CTR-003)
- Board Delegation of Authorities (01-01-DOA-001)
- Corporate Affairs Policies (01-01-POL-002)
- Human Capital Employee Handbook (12-12-PRO-001)
- Human Capital Policies (12-01-POL-001)
- Operational Risk Policies (14-02-POL-001)
- Compliance Policies (06-02-POL-001)
- Internal Audit Policies (06-03-POL-001)
- Anti-Fraud Policies (14-04-POL-003)
- Bank-wide Code of Conduct (12-12-PRO-001)
- Marketing Policies Manual (11-02-POL-001)
- Policy Development, Approval and Tracking Manual (14-01-POL-003)
- Basel Committee Papers

II. Corporate Governance Charter

1 Board of Directors

Purpose

The Bank recognises the Board's role in implementing high standards of corporate governance across the Bank and in promoting a work environment where such standards can thrive and operate. Accordingly, the purpose of this section is to highlight guidelines relating to the functioning and structure of the Board. It covers the guiding principles with respect to the Board's authorities and duties, appointment of Board Members, structure and composition, Board Members training and development, among others.

Scope

This section is applicable to the Bank's Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's Board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this Section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

1.1 Board Authorities, Duties and Responsibilities

- 1.1.1 The Bank shall be governed by the Board which shall be individually and collectively responsible for the Bank's performance and proper management in an effective and productive manner to achieve the interests of the Bank, partners, shareholders and stakeholders, and to achieve public interest and investment development in the State as well as the community. It shall have the widest authority to govern the Bank as provided in the Bank's AOA, excluding authorities which have been expressly reserved for the General Assembly.
- 1.1.2 The Board shall ensure that an effective corporate governance framework is in place, thereby contributing to the achievement of the Bank's long-term corporate objectives and creating trust and engagement between the Bank and its stakeholders.
- 1.1.3 It shall have the right to appoint the GCEO, senior/ executive managers and to vest on them the right to sign jointly or severally on behalf of the Bank. Such rights shall manifest themselves through the DOA approved by the Board. The Executive General Managers (EGMs) shall directly report to the GCEO.
- 1.1.4 The Board shall provide Executive Management with definite strategies, policies and plans by which the objectives of the Bank could be achieved. The Board shall reevaluate and develop such strategies, plans and policies on a periodic basis to ensure alignment/ consistency with the developments and changes at the local, regional, and international levels, and taking into account regulatory directives and instructions.
- 1.1.5 The Board Members shall have adequate expertise and knowledge to effectively perform their oversight functions in the best interest of the Bank and shall give sufficient time and attention to their role as Board Members.
- 1.1.6 The detailed key functions, tasks, roles and responsibilities of the Board as a whole and its individual Board Members in compliance with the QCB Corporate Governance Guidelines and QFMA Corporate Governance Code are embedded in the Board of Directors Charter (01-01-CTR-001). This Charter is being published via the Bank's official website (QFMA Corporate Governance Code).

1.1.7 Role of the Board Chairman

1.1.7.1 The Board Chairman is responsible for ensuring the proper management of the Bank in an effective and productive manner to achieve the interests of the Bank, partners, shareholders and stakeholders.

1.1.7.2 Duties and responsibilities of the Board Chairman for ensuring the proper functioning of the Board, as well as those of the other directors, are as detailed in the Board Directors Charter (01-01-CTR-001) in compliance with the QCB Corporate Governance Guidelines and QFMA Corporate Governance Code.

1.1.7.3 The Board Chairman may not hold or exercise the position of Chairman and CEO at the same time, shall be a Non-Executive Board Member and not exercise any executive role in the Bank or participate in any of the Board's Committees (QCB Corporate Governance Guidelines Principle 2 II (3)).

1.1.7.4 The Board Chairman is prohibited to be a board chairman or a vice-chairman for more than two companies listed on the Qatar Stock Exchange which are headquartered in the State; nor a board member for more than three shareholding companies which are headquartered in the State; nor a managing director in more than one company listed on the Qatar Stock Exchange which is headquartered in the State; nor to combine two memberships of two companies exercising a homogeneous activity (QCB Corporate Governance Guidelines Principle 2 I (6)).

1.1.7.5 The Chairman and Board Members must provide an annual acknowledgment that no one of them shall combine the positions prohibited by the QFMA Corporate Governance Code and other applicable regulatory requirements. The Secretary shall keep such acknowledgment in the file prepared for this purpose (QFMA Corporate Governance Code).

1.2 Information and Professional Development

- 1.2.1 Considering the Board's oversight role in the Bank's operations, individual Board Members are expected to have a clear grasp of their role in corporate governance and possess the competencies/ qualifications required for their position. Accordingly, the Board shall establish a formal induction programme to familiarise and orient incoming Board Members with their roles and responsibilities and the Bank's operations.
- 1.2.2 Ongoing training and development of Board Members shall be implemented to improve governance practices within the Board and to enhance individual Board Members' skills and knowledge with the end view of aiding them in the satisfactory fulfillment of their role in the Board and Board Committees.
- 1.2.2.1 The Corporate Affairs Department shall facilitate the conduct of induction training for incoming Board Members as well as regular trainings/ updates for existing Board Members. The Corporate Affairs Department shall design an induction and training program which shall be updated on a regular basis to cover any recent developments on regulatory requirements, corporate governance, Bank operations overview, and industry practices among others.
- 1.2.3 The Board shall ensure that all Board Members have access to independent professional advice at the Bank's expense when the majority of the members determine that it is necessary to seek such advice in order to fulfill their duties and responsibilities and take the decisions (QCB Corporate Governance Guidelines Principle 3 I (6)).

1.3 Nomination and Appointment of Directors

- 1.3.1 Appointment of Board Members shall be made according to formal, rigorous and transparent procedures and in compliance with QCB Corporate Governance Guidelines Principle 2 I .
- 1.3.2 The Board shall constitute a Board Remuneration, Nomination and Governance Committee which shall recommend Board Members' appointment and re-nomination for election at the General Assembly (QCB Corporate Governance Guidelines Principle 4 Section 3. Refer to the role and responsibilities of Remuneration, Nomination and Governance of Board Committee's Charter for detailed discussion.
- 1.3.3 Nominations: Refer to Nomination Policy for detailed discussion.
- 1.3.4 Protocol on Election of Board Members

1.3.4.1 The Bank shall obtain QCB approval on the list of candidates for Board Member positions. Refer to Nomination Policy for detailed discussion

1.3.4.2 Members of the Board shall be elected for a period of three years, and a director may be re-elected more than once (AOA Article 22 and CCL Article 95). Independent Board Members' tenure may not exceed two terms of the Board as per QCB Corporate Governance Guidelines Principle 2 I (7).

1.3.4.3 The Board shall elect by secret ballot a Chairman, Vice Chairman and Managing Director for the full term of the Board. (AOA Article 24).

1.3.5 Filling of Vacant Positions

1.3.5.1 Should the post of one Board Member become vacant, he shall be succeeded by whoever attained the most votes of the shareholders who did not gain membership of the Board. If an impediment arises, the one who comes next shall succeed him. The new member shall only continue the term of his predecessor (AOA Article 25).

1.3.5.2 Where the vacant positions reach one quarter of the principal position, the Board shall be obliged to invite the Ordinary General Assembly to convene within a period of two months from the date the last post became vacant, so as to elect the members who shall fill the vacant posts (AOA Article 25).

1.4 Removal from Office of Board Members

1.4.1 The General Assembly may remove from office the Chairman or any of the members of the Board on a proposal passed by the absolute majority of the Board or on an application signed by a number of shareholders holding not less than one quarter of the subscribed capital. In such a case, the Chairman shall call for a meeting of the General Assembly to be convened within ten days from the date of the application for such removal; otherwise the Department of Corporate Affairs shall send the invitations for the meeting (AOA Article 31).

1.4.2 Where a Board Member absents himself for more than three consecutive meetings of the Board or four non-consecutive meetings without an excuse that has been accepted by the Board, the absenting Board Member shall be deemed to have resigned from the Board (AOA Article 28, CCL Article 105).

1.5 Board Structure and Composition

- 1.5.1 The Board shall be constituted as per the Bank's AOA and other pertinent regulatory directives.
- 1.5.2 The Board shall not be controlled by one individual, entity or a group of individuals.
- 1.5.3 Three (3) of the Board Members shall be Independent Board Members.
- 1.5.4 Half of the Board Members shall be Non-Executive.
- 1.5.5 The Bank adopts the QCB definition of "Independent" Board member.
- 1.5.6 Independent Board Members shall notify the Board as soon as reasonably possible in the event that their circumstances change in any manner that may affect the Board's evaluation of their independence. Independent Board Members should provide an annual undertaking that no changes have occurred that affect the conditions of his independence.
- 1.5.7 The Board shall be composed of eleven (11) members. They shall take charge of the management of the Bank and elected by the Ordinary General Assembly through secret ballot in accordance with the cumulative voting method (AOA Article 23).
- 1.5.8 The Board number shall be revisited and amended where necessary according to the requirements of the Bank as long as it is still within the number prescribed by relevant laws and regulations.

1.6 Performance Evaluation

- 1.6.1 A self-assessment process shall be conducted by the Board, through the Board Remuneration, Nomination and Governance Committee, to annually assess itself, the Committees and individual member's performance.
- 1.6.2 A self-assessment form shall be distributed to each Board Member for their input and discussion.
- 1.6.3 The Board shall disclose the process and results of the performance evaluation in the Annual Corporate Governance Report.

1.7 General Assembly

1.7.1 The General Assembly shall represent all the shareholders and may not be convened except in the State of Qatar (AOA Article 36). It shall be presided by the Board Chairman, or the Vice Chairman, or by a person delegated by the Board for that purpose.

1.7.2 Three days before the General Assembly meeting is called upon to consider the Bank's balance sheet and the Directors' report, the Board shall make available for perusal by the shareholders a detailed statement to include the following information (AOA Article 35):

1.7.2.1 All amounts received by the Board Chairman and every member of such Board during the financial year by way of remuneration, fees, salaries, Board meeting attendance fees, or money in lieu of expenses together with any amount which any of them has received in his capacity as a technical officer or administrative officer, or in consideration of any technical, administrative or consultative work rendered by him for the Bank.

1.7.2.2 Any benefit in kind enjoyed by the Board Chairman and any member of the Board during the financial year.

1.7.2.3 The Directors' remuneration proposed to be distributed among the Board Members.

1.7.2.4 The amount allocated for each member of the Board and former members of the Board as salary, reserve or compensation for end of service.

1.7.2.5 Any transaction in which a member of the Board or a manager has had an interest in conflict with the interest of the Bank.

1.7.2.6 Amounts actually spent on any form of advertisement with details for every amount.

1.7.2.7 Donations, stating the details of the recipient and reason for such donations.

1.7.2.8 Allowances of Senior Executive Management

A report from the Bank's External Auditor stating that loans, credit facilities and securities that may have been granted to the Chairman and members of the Board during the financial year were made without violation of Article (110) of the CCL

must be attached to these statements. The report shall be signed by the Chairman and one member of the Board. The Chairman and members of the Board shall be responsible for the implementation of these provisions, and for the accuracy of the statement in all the documents that are required to be prepared (AOA Article 35).

1.7.3 Refer to the Corporate Affairs Policy (01-01-POL-002) for a detailed discussion on the protocols observed in the General Assembly.

1.8 Board Secretary

1.8.1 The Board shall name a Board Secretary whose appointment, tasks and duties are detailed in the Board of Directors Charter (01-01-CTR-001) in compliance with QCB Corporate Governance Guidelines Principle 2 IV).

Related Documentation

- QCB Corporate Governance Guidelines
- QFMA Corporate Governance Code
- CCL
- AOA
- Board of Directors Charter (01-01-CTR-001)
- Board Committees Charter (01-01-CTR-003)
- Corporate Affairs Policy(01-01-POL-002)

2 Board Supervision

Purpose

The purpose of this section is to define the responsibilities and functions that the Board may delegate to its Committees within the boundaries of applicable corporate governance regulatory provisions and with respect to the Board and Committee's oversight of the Bank's governance and operations. It also captures Board's supervisory responsibility with respect to the Bank's subsidiaries and affiliates.

Scope

This section is applicable to the Board of Directors, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

2.1 Board Committees

2.1.1 Board Committees are established in order to carry out some of the Board's function, although ultimate responsibility for the Bank rests with the Board (QCB Corporate Governance Guidelines Principle 1 8/3, Principle 4).

2.1.2 The Bank shall constitute following key committees in line with QCB Corporate Governance Guidelines Principle 4 taking into consideration business exigencies:

2.1.2.1 Board Executive Committee (BEC)

2.1.2.2 Board Audit Committee (BAC)

2.1.2.3 Board Risk and Compliance Committee (BRCC)

2.1.2.4 Board Remuneration, Nomination and Governance Committee (BRNGC)

2.1.3 The Board Committees detailed in 2.1.2 above shall have individual formal charters contained in the Board Committees Charter. The Board Committees Charter includes corresponding Committee duties and authorities, which are determined by the Board itself.

2.2 Board Responsibilities towards the Bank's Subsidiaries

2.2.1 The Bank's Board is responsible for the performance of its subsidiaries, their financial statements and risk management. The Bank's Board is also responsible for the transparency, credibility and the accuracy of the financial data of its subsidiaries and the Bank's end of year consolidated financial statements submitted to the QCB.

2.2.2 For subsidiaries abroad, the Bank's Board shall adopt clear written policies, strategies and budgets for each foreign subsidiary according to its defined goals and the economic, market and legal environment. The Bank's Board shall ensure the management of foreign subsidiaries understand and implement their defined goals, policies, strategies and budgets.

2.2.3 The Bank's Board shall assess the performance of foreign subsidiaries and the achievements of their management according to the defined goals and policies, and advise foreign subsidiaries to develop and update their policies, strategies and work plans towards achieving the defined goals.

2.2.4 The Bank's Board shall assign representatives to sit on the board of its subsidiaries in such a way that the Bank shall have the power to control the decisions of the board of the subsidiary.

2.2.5 When nominating and assigning a representative, the Board shall match the qualifications, skills and experience of the representative against the demands and expectations of the position, and ensure they are given sufficient time to carry out their assigned duties.

- 2.2.6 The Board shall periodically evaluate representatives with regard to their performance on the board of a subsidiary, as well as other learning and development requirements.
- 2.2.7 The Bank's representatives shall act as a link between the Bank's Board and the subsidiary to monitor the subsidiary's performance, compliance with the Board's policy as to that subsidiary and compliance with instructions of the Bank's Board.
- 2.2.8 The Board shall review the formation of a subsidiary's administrative and executive committees in accordance with its system of delegated authority and responsibilities.
- 2.2.9 The Board shall periodically assess the performance of its subsidiaries and implement a proper system to assess performance that should be adopted by its Board Committees, the Bank's representatives on a subsidiary's board, and internal auditor.
- 2.2.10 The Board shall ensure the adequacy and efficiency of the reports and reporting systems used by subsidiaries to the Bank's Board, Board Committees and departments during the year. Such reports should at least cover the issues detailed in QCB Instructions to Banks, Part (VII) - Instructions of Supervision and Control, Sixth: Consolidated Supervision of National Banks, 2/1/8 (Responsibility of the board towards QCB).
- 2.2.11 The Board should ensure the compliance officer is effectively carrying out his duties to detect any violations in subsidiaries and report regularly to Executive Management and the Bank's Board. The Board should ensure the compliance officers are independent and unbiased and report regularly to them. The Board should ensure that its subsidiaries have highly qualified, experienced internal audit staff. The internal auditor should carry out its functions on an unbiased and independent basis and directly report to the Board Audit Committee and the Bank's internal audit department.
- 2.2.12 The Board is responsible for disclosing any crucial issue, irregular events and risks regarding the Bank's subsidiaries to the Bank's shareholders and other parties.
- 2.2.13 The Board and Executive Management shall report to QCB about any extraordinary incidents that may occur in subsidiary such as:
- Any adverse view, or important remarks made by the External Auditor during the year.

- A significant change to any of financial indicators.
- Default in payment of key loans or major credit concentrations.
- Depreciation of the value of assets.
- Freezing or imposing restrictions on any of the assets or balances
- Failure or disruption in operations or IT systems.
- Any infringement of law or charges brought on the members of the subsidiary's board or the executive managers in the subsidiary.
- Resignation of any subsidiary board member, executive director, internal auditor, or compliance officer
- Important lawsuits filed against the subsidiaries, in addition to legal risks and taxes.
- Any supervisory violations or remarks made by the host regulator or any other concerned authority in the host country.

2.3 Board Responsibilities towards the Bank's Associates

- 2.3.1 The Bank's Board shall assign representatives to sit on the board of its Associates.
- 2.3.2 When nominating and assigning a representative, the Board shall match the qualifications, skills and experience of the representative against the demands and expectations of the position and ensure they are given sufficient time to carry out their assigned duties.
- 2.3.3 The Board shall periodically evaluate representatives with regard to their performance on the board of its Associate, as well as other learning and development requirements.
- 2.3.4 The Bank representatives shall:

2.4.4.1 Carry out their responsibilities appropriately for the Commercial Bank Group and the Group's stakeholders;

2.4.4.2 Regularly report on the activities, plans and performance of the Associate, including decisions taken, to the Bank's Board;

2.4.4.3 Ensure the direction of the Associate is line with the overall strategy of the Commercial Bank Group.

Related Documentation

- QCB Instructions to Banks
- QCB Corporate Governance Guidelines
- QFMA Corporate Governance Code
- AOA
- Board Committees Charter

3 Management Supervision

Purpose

The purpose of this section is to define the framework for the Board to exercise its supervisory and oversight role/ function over the Bank's day-to-day operations.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities / operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

3.1 General

- 3.1.1 The Board may delegate the responsibility of day-to-day operations to the Executive Management, but the Board remains accountable for making sure that operations are carried out in an effective, safe and sound manner, and in compliance with applicable internal Bank policies and procedures and external laws and regulations.
- 3.1.2 The Board shall supervise the Bank's operations to ensure implementation of sound planning, effective governance of the business through comprehensive policies and procedures, and effective administration of operations by the Executive Management.

- 3.1.3 The Board must determine if the Executive Management is capable of meeting the new challenges of growth and increased complexity. The Board must also determine the effectiveness of current methods and take steps to change and improve systems when necessary.
 - 3.1.4 The Board will monitor the development of the Bank's vision, mission, strategy plan, policies, code of ethics, internal control structure, DOA, and organisational structure, and will review and approve these.
 - 3.1.5 The Board must demand continual and accurate information from the Executive Management and Bank sources to properly monitor operations and assist in making sound business decisions.
- 3.2 Delegation of Authority (DOA)
- 3.2.1 The Board has vested power to delegate authority to the Bank's Executive Management; however, such delegation shall not absolve the Board from any responsibility and accountability for such delegated authorities.
 - 3.2.2 The Board shall define the authorities that may be cascaded/ delegated to Executive Management and authorities that shall remain with the Board or its Committees. In delegating authorities to Executive Management, regulatory requirements as well as the Board's fiduciary and statutory responsibilities to the Bank and its stakeholders shall be taken into consideration.
 - 3.2.3 The Board may restrict or expand the scope of the authorities delegated, in accordance with the regulations, to levels below the Executive Management.
- 3.3 Organisational Structure Development
- 3.3.1 The Board will oversee the development of and will approve the Bank's organisational structure.
 - 3.3.1.1 Lines of authority will run from the shareholders through the Board, headed by the Chairman to the Executive Management.
 - 3.3.1.2 Lines of authority will also flow from the Board to the Board committees which then flow to the Executive Management and each employee or any authorised personnel/ staff.

3.3.2 Further discussion on lines of authority for the Bank's organisational structure/chart see Human Capital DOA (12-01-DOA-001)

Related Documentation

- AOA
- CCL
- QCB Corporate Governance Guidelines
- QFMA Corporate Governance Code
- Human Capital DOA (12-01-DOA-01)

4 Succession Planning

Purpose

The purpose of this section is to formalise the Bank's succession planning framework.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

4.1 The Board shall ensure that a succession plan is in place for the GCEO and other senior executives.

4.2 Chain of Command

4.2.1 Should the Chairman be unable to carry out his duties due to an emergency situation, the duties of the Chairman will be assumed by the Vice Chairman or another Board Member designated by the Board on a temporary basis until such time that a new Chairman is elected.

4.2.2 Should the GCEO be absent or unable to carry out his duties due to an emergency situation, the duties of the GCEO will be assumed by the EGM nominated by the GCEO, as Acting GCEO.

- 4.2.3 The nominated EGM shall continue to serve in the capacity of Acting GCEO until:
- 4.2.3.1 The GCEO is back to resume his duties;
 - 4.2.3.2 A new GCEO is appointed by the Board; or
 - 4.2.3.3 A majority vote by the Board determines that an alternative EGM should be Acting GCEO, if the individual/ Acting GCEO cannot adequately perform the necessary duties.
- 4.2.4 Should the Acting GCEO be absent or unable to carry out his duties due to an emergency situation, the duties of the Acting GCEO will be assumed by a member of EXCO.
- 4.2.5 The member of EXCO shall continue to serve in the capacity of Acting GCEO until:
- 4.2.5.1 The GCEO is back to resume his duties;
 - 4.2.5.2 A new GCEO is appointed by the Board; or
 - 4.2.5.3 A majority vote by the Board determines that an alternative EGM should be Acting GCEO, if the individual/ Acting GCEO cannot adequately perform the necessary duties.
- 4.3 Reporting/ Disclosure
- 4.3.1 Any changes to the Board shall be reported immediately to the Ministry of Commerce and Industry (CCL Article 2).
 - 4.3.2 Written notification of the change shall be forwarded to the appropriate individuals, groups, or companies as determined by the Board.
- 4.4 Refer to Human Capital Employee Handbook (12-12-PRO-001) and Human Capital DOA (12-01-DOA-01) for further discussion on the Bank's succession planning framework.

Related Documentation

- AOA
- CCL
- Human Capital Employee Handbook (12-12-POL-001)
- Human Capital DOA (12-01-DOA-01)

5 Remuneration for Board Members, Management and Staff

Purpose

The purpose of the section is to set the Bank's remuneration framework for its Board Members, management and staff.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

5.1 General

- 5.1.1 The Board of Directors is fully responsible for the Bank's sound financial remunerations and incentives practices.
- 5.1.2 As recommended by the BRNGC, the Board of Directors has approved specific policies/ standards providing principles and guidelines upon which the incentives and compensations to be paid to the Board, Executive Management and staff of all levels are to be based (QCB Corporate Corporate Governance Guidelines Principle 7, QCB Circular 18/2014 and QCB letter 1507/2023 dated 11 June 2023).
- 5.1.3 The Board of Directors must monitor and review the compensation system to ensure that the system operates as intended and in compliance with the approved policy and procedures.

5.1.4 The Bank's Board approved remuneration policies should include the requirements contained in QCB Corporate Governance Guidelines Principle 7 (5) including, but not limited to:

- Consistency with the Bank's risk profile and the Bank's overall performance;
- Consideration of all types of risk when considering compensation for the Bank's group as a whole;
- Use of an objective system to measure performance in accordance with financial and non-financial standards;
- Remuneration of Board members and Executive Management should be based in their performance and be consistent with the Bank's long-term performance, not only the current year; and
- The remuneration pay out schedule should be sensitive to the risk's timeframe.

5.1.5 The Board of Directors, acting through the BRNGC, shall monitor and update the Bank's remuneration policies annually, which must be reviewed by Internal Audit, and the BRNGC may seek the services of a specialized expert, to ensure the accuracy and compliance of these policies and its relevant procedures with international best practice and QCB's Instructions based on objectivity and impartiality, and without any interference by the Executive Management.

5.2 Guidelines for Board Remuneration

5.2.1 Board Members' remuneration shall be in accordance with the remuneration framework established in accordance with QCB Corporate Governance Guidelines Principle 7, QCB Circular No. 18/2014, QCB letter 1507/2023 dated 11 June 2023, and in compliance with the CCL, QFMA Corporate Governance Code and the AOA. This remuneration framework shall be presented to the shareholders in the General Assembly for approval and shall be made public.

5.2.2 The Board shall report at the Annual General Assembly Meeting all remuneration, salaries, fees (if any, including Board meeting attendance fees), wages, amounts received in their capacity or other material advantages received for work that is performed in accordance with Article 122 of CCL and QCB instructions.

5.2.3 Refer to the Directors Remuneration Policy 01-01-POL-005 for more details.

5.3 Guidelines for Executive Management Remuneration

- 5.3.1 The Board of Directors shall develop the Bank's Executive Management compensation structures, ensuring that these programs are competitive relative to the market, reward performance that contributes to the Bank's growth and profitability and are consistent with the Bank strategy and risk profile.
- 5.3.2 The Board of Directors shall determine any incentive plans for the Executive Management including incentive and equity based compensation.
- 5.3.3 The Board of Directors shall determine the compensation of Executive Management upon the termination of contracts before their expiry.
- 5.3.4 Refer to the Bank's Remuneration Policy Principles for further discussion on the Bank's policy in setting of compensation and benefits to employees/ staff.
- 5.3.5 The Bank's Remuneration Policy Principles shall be presented to the shareholders in the General Assembly for approval and shall be made public (QFMA Corporate Governance Code,).

Related Documentation

- AOA
- CCL
- QFMA Corporate Governance Code
- QCB Instructions
- QCB Circular 75/2011
- QCB Circular 18/2014
- QCB Corporate Governance Guidelines
- Directors Remuneration Policy 01-01-POL-005
- CBQ Remuneration Policy Principles

6 Governance Compliance and Reporting

Purpose

The purpose of this section is to define the Bank's compliance and reporting framework for corporate governance.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

6.1 Governance Compliance

6.1.1 The Board shall ensure that the Bank complies with the principles set out in this section and the applicable regulatory corporate governance guidelines. The Board shall also review and update its corporate governance practices, and regularly review the same (QCB Corporate Governance Guidelines, Principle 3 and QFMA Corporate Governance Code,). The Bank's Board has a strong commitment in ensuring compliance with the applicable regulations and guidelines, as detailed below:

6.1.2 QFMA Corporate Governance Code:

6.1.2.1 As a listed company on the Qatar Exchange, the Bank shall, in its annual report, disclose the extent of its compliance with provisions of the QFMA Corporate Governance Code. Where there is non-compliance with any

principle or provision for reasons accepted by the QFMA, taking into account public interest, interest of the Qatar Exchange or the protection of investors, the Bank shall specify the article or articles that have not been complied with as well as to mention in the Corporate Governance Report the justifications for non-compliance-as the case might be (QFMA Corporate Governance Code).

6.1.2.2 The Bank's Board of Directors shall commit to implement the corporate governance principles set out in the QFMA Corporate Governance Code which are justice; equality among stakeholders without discrimination among them on basis of race, gender, and religion; and transparency, disclosure and providing information to the QFMA and stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly (QFMA Corporate Governance Code).

6.1.2.3 The QFMA Corporate Governance Code's principles also include upholding the values of corporate social responsibility and acting in the public interest of Commercial Bank and stakeholders over their personal interests, as well as performing their duties, tasks and functions in good faith, integrity, honour and sincerity (QFMA Corporate Governance Code).

6.1.2.4 The Board shall constantly and regularly review and update governance applications, and apply the highest principles of governance when listing or trading any securities in foreign markets, and uphold fair-trading principles among shareholders (QFMA Corporate Governance Code 3).

6.1.3 QCB Corporate Governance Guidelines:

6.1.3.1 Corporate governance regulations issued by Qatar Central Bank (the QCB Corporate Governance Guidelines) are part of QCB's continuous efforts to develop the regulatory tools to cope with the best international governance standards.

6.1.3.2 The Board is required to provide a report on compliance with the principles mentioned in the QCB Corporate Governance Guidelines during the Annual General Assembly meeting and explain reasons for any non-compliance.

6.1.4 Commercial Companies Law:

6.1.4.1 Corporate Governance provisions contained in the Commercial Companies Law No (11) for the Year 2015 as amended pursuant to the Commercial Companies Law No. 8 of 2021 (CCL);

6.1.4.2 As per QCB Corporate Governance Guidelines (Introduction) if there is a conflict between the QCB's law and instructions and the QFMA Corporate Governance Code, banks should comply with the QCB's law and instructions in accordance with the provisions of Article 18 of the Commercial Companies Law No. 8 of 2021.

6.2 Governance Reporting

6.2.1 The Board shall promote proactive and transparent disclosure and engagement with the Bank's stakeholders on matters significantly affecting the Bank.

6.2.2 The Bank must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, Executive Management and major or controlling shareholders. The Bank must also disclose information about its Board Members including a resume of each member describing his respective education, profession, and other Board seats that they may hold (if any). Names of the members of various Committees constituted by the Board, along with the composition of the committee, shall also be disclosed (QFMA Corporate Governance Code).

6.2.3 The Board shall ensure that all disclosure made by the Bank provides accurate and true information which is not misleading (QCB Corporate Governance Guidelines Principle 9).

6.2.4 The Board shall provide an Annual Report to shareholders in line with QCB Corporate Governance Guidelines and QFMA Corporate Governance Code and make it available to interested parties on the Bank website.

6.2.5 Corporate Governance Report

6.2.5.1 The Bank shall prepare an Annual Corporate Governance Report signed by the Chairman. The Annual Corporate Governance Report shall be attached to, and an integral part of the Bank's Annual Report (QFMA Corporate Governance Code).

6.2.5.2 The Annual Corporate Governance Report shall include disclosure on the Bank's compliance with the provisions of the QCB Corporate Governance Guidelines and QFMA Corporate Governance Code and include all information related to the application of the Code, as detailed in QCB Corporate Governance Guidelines and QFMA Corporate Governance Code.

6.2.5.3 The Corporate Governance Report shall be submitted to the QFMA on an annual basis following its production for the AGM and whenever required by the QFMA.

6.2.5.4 The Annual Corporate Governance Report shall be published on the Bank's website before the AGM invitations are published in the local newspapers

6.2.5.5 The Corporate Affairs Department shall take a lead role in the preparation of the Annual Corporate Governance Report in coordination with related business units.

6.2.6 Sustainability Report

6.2.6.1 Commercial Bank shall prepare an annual Sustainability Report containing the Bank's Environment, Social and Governance ("ESG") disclosures.

6.2.6.2 The Corporate Affairs Department shall take a lead role in the preparation of the Sustainability Report in coordination with related business units.

Related Documentation

- AOA
- CCL
- QFMA Corporate Governance Code
- QCB Corporate Governance Guidelines
- Corporate Affairs Policies Manual (01-01-POL-002)
- Compliance Policies Manual (06-02-POL-001)

7 Conflict of Interest and Related Party Transactions

Purpose

The purpose of this section is to establish guidelines and protocols with respect to transactions with Related Parties and the handling of actual or perceived conflicts of interests arising in line with the Bank operations and activities.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries and associates, the relevant associate/ subsidiary's board to oversee the activities/ operations and plans of the concerned subsidiary/associate and the Bank's representatives in the said subsidiary/associate board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

7.1 General

- 7.1.1 The Board shall establish and regularly review rules and standards to minimize risks resulting from related party transactions and to avoid conflict of interests or abusive related party transactions (QCB Corporate Governance Guidelines, Principle 1 I (4)).

- 7.1.2 Board Members and Executive Management must make every practical effort to arrange his personal and business affairs to avoid conflict of interests with the Bank and not take advantage of business opportunities for himself or his associates, more than those given to the Bank's customers (QCB Corporate Governance Guidelines, Principle 3 II (5)).
- 7.1.3 Board Members and Executive Management must disclose any conflict of interest that may arise in any of his transactions (QCB Corporate Governance Guidelines, Principle 3 II (7)).
- 7.1.4 Refer to Human Capital Policy 12-01-POL-001 for further details on declaring conflicts of interest and the Bank's Conflict Management Office (CMO).
- 7.2 Prohibition on competition with the Bank and personal gain up to the first degree
- 7.2.1 As per QCB Corporate Governance Guidelines, Principle 3 II (2a), Board Members or a member of Senior Management (as defined below) shall not engage or participate directly or indirectly, either personally or through any of his First-degree Relatives (as defined below), in any activities similar to, or competing with, the Bank's activities, or take advantage of the Bank's activities to realize or promote any of his activities or to realize any commercial or personal benefits to himself.
- 7.3 Prohibition on non-credit facility Related Party transactions up to the first degree
- 7.3.1 As per QCB Corporate Governance Guidelines, Principle 3 II (2b), Board Members or a member of Senior Management (as defined below) either personally or through a First-degree Relative (as defined below) shall not have any direct or indirect interest in contracts, projects, and commercial business undertaken by the Bank, without any exceptions other than the contracts relating to credit facilities provided by the Bank to him in accordance with the ceilings and regulations set out in QCB's instructions.
- 7.3.2 "Senior Management" means the GCEO, his/her deputies and assistants, Executive Management, director of audit, the advisors/consultants with or without salary, and other senior managers occupying positions indicating that they have influence on the decisions of the Bank, or they report to the GCEO, Managing Director, Board of Directors or Board Committees.
- 7.3.3 "First-degree Relative" means parent, child or spouse.
- 7.4 Other Related Party Transactions

7.4.1 Definition

As per AOA 35 (5), a person is considered a “Related Party” to the Bank if that person:

- Is a Board member of the Bank or any of its group companies;
- Is Senior Management of the Bank or any of its group companies,
- Owns at least 5% of the Bank shares or any of its group companies,
- Is a relative of any of the forgoing up to the second degree, or the legal persons controlled by any of the foregoing, or that participated in a project or a partnership of any kind with the Bank or any of its group companies.

7.4.2 General Goals

7.4.2.1 The Board shall ensure that all transactions with, or for the benefit of, any related party are on terms and conditions that are acceptable and within the safe and sound practices it has set.

7.4.2.2 The Board shall also ensure that a transparent process is in place with adequate disclosure of related party transactions to shareholders.

7.4.3 Specific Goals

7.4.3.1 In all cases, all relationships held by the Bank with others must serve the Bank’s interest, as well as all transactions shall be made according to market prices and on arm’s length basis and shall not involve terms that are contrary to the Bank’s interest (QFMA Corporate Governance Code).

7.4.3.2 Specific documentation covering Related Party transactions shall be required. Details of the proposed transaction to be discussed include:

- The identification of the Related Party and the affiliation to the Bank;
- The nature of the proposed transaction and the estimated value of the transaction;
- Supporting evidence to support the arm’s length nature of the proposed transaction including the terms and manner of settlement had the parties not been related; and
- The anticipated impact on the Bank’s financial statements and disclosure.

7.4.4 Authority

- 7.4.4.1 Related Party transactions require the prior review and approval of the Board.
- 7.4.4.2 Related Parties shall not attend the Board meeting while discussing that related party transaction or relationship in question and shall not be entitled to vote regarding these relationships or transactions (QFMA Corporate Governance Code).
- 7.4.4.3 Related Party transactions pursuant to Article 109 of the Commercial Companies Law require prior approval from the General Assembly.

7.4.5 Disclosure

- 7.4.5.1 Related Party transactions that the Bank has entered into during the year shall be disclosed in the Bank's Annual Report (QFMA Corporate Governance Code).
- 7.4.5.2 The Board shall, in each year, provide the shareholders, at least one week prior to the date scheduled for the General Assembly a list of Related Party transactions which requires a disclosure or a prior approval pursuant to Article 109 of the Commercial Companies Law, in addition to the details of any such transactions (AOA 35 (5)).

7.5 Risk Management

- 7.5.1 Executive Management, working with the Board and Risk SBU in addressing Related Party transaction activities, must have an awareness of various or different types of risks resulting from such activities, such as compliance risk and reputation risk.
- 7.5.2 Failure to adequately plan and manage related party transactions may result in problematic situations with regulatory bodies, and therefore, may impact the Bank's ability to grow or compete both in the short-term and long-term.

7.6 Management Fees

- 7.6.1 Management fees paid between subsidiaries/ affiliates for services performed generally include management advice, personnel services, data processing, marketing, supply administration, strategic assistance, accounting and financial services and audit services. If fees are to be assessed, an affiliate must provide a specific, identifiable service.

- 7.6.2 A management fee is intended to offset the actual or proportionate expense incurred by the affiliate performing, or paying for, the service. Fees charged should be reasonable and justifiable and should be based on the fair market value of services provided. Where there is no market established for a particular service, management fees are based on the actual cost plus a reasonable profit.
- 7.6.3 Fees for services shall be billed and paid as they are received, just as they would be with an unaffiliated service provider. Prepayments shall not be made significantly in advance of services rendered. However, for those services provided on a continually recurring basis, monthly installments of management fees payable by affiliates are based on each entity's estimated annual management fee. Each monthly installment represents one-twelfth of the estimated annual management fee for the year. After actual expenses for the year are determined, the management fee is reallocated and settled in the appropriate fiscal year.
- 7.6.4 Where an affiliate (such as the parent company) is providing specific services to another affiliate on an ongoing basis, an agreement between the entities should be entered detailing the services provided, fees charged and how they were calculated, and the timing of payments. Management of each entity is responsible for ensuring that basic business principles common to an arm's length transaction are applied and that the actual practice between affiliates and the management fee agreement are consistent.
- 7.6.5 A management fee agreement shall be signed by an authorised representative of each participating affiliate and, at a minimum, shall include:
- A description of the specific services to be performed;
 - The method of calculating the management fee for each service;
 - The method and timing of payment for the services performed; and
 - Provisions for any instances of reimbursement between affiliates.

7.7 Special Cost Allocation Considerations

- 7.7.1 In certain instances, costs or expenses for a series of transactions are not readily identifiable for each participating affiliate. Accordingly, methods for allocating costs shall be developed to provide reasonable compensation for respective transactions.

7.7.2 Allocation methods are based on a best estimate of cost per transaction, or on volume or asset size, among others, which represents a reasonable allocation of expense. Costs cannot be assessed on an unreasonable assignment such as the ability to pay.

7.8 Conflict of Interest Policy

7.8.1 The Board has established a conflict of interest policy which is detailed in Human Capital Policy 12-01-POL-001.

7.8.2 This conflict of interest policy recognizes that the ability of employees to perform official duties may be compromised due to personal interests including but not limited to outside employments, family relationships and trading with clients of the Bank. The conflict of interest policy provides the framework for managing conflicts of interest that may arise during the course of operational and administrative transactions of the Bank.

7.8.3 Any actual conflict of interest will be managed out permanently while potential/perceived conflict of interest should be avoided by pro-active management.

7.8.4 For more details refers to Human Capital Policy 12-01-POL-001.

7.9 Securities

7.9.1 The Bank has adopted clear rules and procedures governing dealing in Bank securities by Insiders, the close period when trading of Bank securities is prohibited, and the requirement for Insiders to disclose the trading of Bank securities. See Section 12: Insider Trading for further discussion.

Related Documentation

- AOA
- CCL
- QFMA Corporate Governance Code
- QCB Corporate Governance Guidelines
- Human Capital Policy 12-01-POL-001

8 External Audit

Purpose

The purpose of this section is to set out the protocols to be followed in availing and appointing External Auditors and the Board's oversight over the conduct and results of their work.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

8.1 Roles and Services to be Provided by External Auditors

8.1.1 An External Auditor who is independent and qualified shall undertake quarterly and annually independent audit of the Bank, the purpose of which is to provide objective assurance to the Board and shareholders that the financial statements are prepared in accordance with regulatory requirements and international financial reporting standards and accurately represent the financial position of the Bank.

8.1.2 The role of the External Auditor as per Article 145 of CCL shall include the following:

- 8.1.2.1 Review the controls on the Bank's business;
 - 8.1.2.2 Verify accounts in accordance with approved auditing principles, professional requirement, and scientific and technical principles;
 - 8.1.2.3 Inspect the balance sheet and profit and loss accounts;
 - 8.1.2.4 Verify the application of the law and statutes of the Bank;
 - 8.1.2.5 Inspect the financial and administrative systems of the Bank and the internal financial control systems, confirming the suitability of systems for the smooth running of the Bank and the maintenance of its properties;
 - 8.1.2.6 Verify the assets of the Bank and its ownership and confirm the legality and authenticity of the liabilities of Commercial Bank;
 - 8.1.2.7 Review the decisions of the Board and the instructions issued by the Bank; and
 - 8.1.2.8 Any other duties to be performed by the External Auditor under the CCL, related regulations and the principles followed in auditing.
- 8.1.3 The External Auditor must attend the General Assembly to deliver annual financials and answer any shareholder queries. (QFMA Corporate Governance Code).
- 8.1.4 The External Auditor is not allowed to:
- 8.1.4.1 Participate in the establishment of the Bank (CCL Article 143);
 - 8.1.4.2 Participate or be a member of the Bank's Board (CCL Article 143);
 - 8.1.4.3 Undertake any technical or administrative or consultative duty in the Bank (CCL Article 143);
 - 8.1.4.4 Be a partner or agent or employee with any of the Bank's founders or any Board Member or their relatives up to fourth grade (CCL Article 143); or

- 8.1.4.5 Render audit services to the Bank if a member of Executive Management was previously employed by the auditor or participated in the audit of the Bank in any capacity during the year prior to the date of the initiation of the audit.
- 8.1.5 The External Auditor may not be contracted to provide advice or other services other than carrying out the audit of the Bank (QFMA Corporate Governance Code).
- 8.1.6 It is the Bank's policy that consultancy and non-audit services shall only be awarded to the Bank's External Auditor under strict controls and endorsement of the Board Audit Committee and approval of the Board.
- 8.1.7 The External Auditor is responsible for notifying QFMA and other regulatory authorities should the Board fail to take proper action concerning suspicions raised or identified by the External Auditor (QFMA Corporate Governance Code).
- 8.1.8 The functions and responsibilities of the External Auditor as per QFMA Corporate Governance Code shall include the following:
- 8.1.8.1 The External Auditor shall inform the Board in writing about any risk to which the Bank is exposed or expected to be exposed, and about all of the violations immediately upon identification, as well as send a copy of that notice to the QFMA.
- 8.1.8.2 The External Auditor shall have the right to invite the General Assembly to convene, provided that they inform the QFMA.
- 8.1.8.3 The External Auditor shall submit one report to the General Assembly and read it, as well as sending a copy to the QFMA with responsibility for the validity of data contained therein. Each shareholder of the General Assembly has the right to discuss with the External Auditor and seek clarification in any matter of the report.
- 8.1.8.4 The External Auditor's report must include whatever informs shareholders with the control works and performance assessment of the Bank, especially relating to the following:
- Appropriateness and effectiveness of internal control systems implemented in the Bank (reporting on the description of the processes and internal controls and suitability of the design, implementation and operating effectiveness of internal controls over financial reporting).

- The Bank's ability in continuously engaging activities and implementation of its obligations; that is evaluated independently of what shown by the Board.
- The Bank's compliance to develop all types of internal policies and procedures, and the appropriateness of them with the Commercial Bank's status, as well as its compliance with their implementation.
- The Bank's compliance with its Articles of Associations and its compliance with the provisions of the Law, the QFMA's relevant legislations, including the provisions of the Corporate Governance Code, and QCB Corporate Governance Instructions.
- The Bank's compliance with the implementation of the best international standards in auditing and the preparation of financial reports as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements.
- The Bank's cooperation with the External Auditor in providing access to the necessary information to complete its duties.

8.2 Appointment and Rotation Policy

- 8.2.1 The Board Audit Committee shall review and consider offers of External Auditors registered in the External Auditors list of the QFMA, and then submit to the Board a recommendation with reasons to choose one offer or more for appointment of the Bank's External Auditor.
- 8.2.2 After the Board's approval of the recommendation and approval of the External Auditor candidate by the QCB, it shall be included in the Bank's General Assembly agenda.
- 8.2.3 Appointment of the Bank's External Auditor, including remuneration/ fees, shall be made by the General Assembly upon proposal of the Board (through the Board Audit Committee) and in consultation with QCB (QCB Corporate Governance Guidelines, Principle 1 I (10)). The External Auditor shall be appointed for one financial year, renewable for a similar period or other similar periods up to a maximum of five consecutive financial years, provided that the re-appointment shall not be before passing two consecutive financial years (QFMA Corporate Governance Code,).

- 8.2.4 The primary emphasis in choosing an External Auditor should be based on demonstrated experience, quality and depth of knowledge of all audit personnel to be assigned to the audit, specific industry expertise, the scope of work to be performed, and any inspection reports available about the audit firm.
- 8.2.5 The Bank's External Auditor rotation policy shall be in line with the provisions set forth in the AOA and in compliance with QCB and QFMA Corporate Governance Code.
- 8.3 Board Audit Committee Oversight on External Auditors
- 8.3.1 The External Auditor shall report directly to the Board Audit Committee.
- 8.3.2 The Board Audit Committee shall examine the External Auditor's policies and practices with regard to the external audit process, to ensure compliance with relevant legislation and governance leading practices.
- 8.3.3 The Board Audit Committee shall annually review the independence and objectivity of the External Auditor.
- 8.3.4 The Board Audit Committee is responsible for making recommendations on the appointment, compensation, retention, and oversight of the Bank's External Auditors to the Board. Any recommendations on the above, particularly as regards appointment and remuneration, shall be approved by the General Assembly (CCL, Article 141).
- 8.3.5 Any conflicts between the Board Audit Committee and Board on the appointment/ reappointment of the External Auditor shall be noted in the Annual Corporate Governance Report.
- 8.3.6 The Board Audit Committee shall discuss the audited annual financial statements and quarterly financial statements with Executive Management and the External Auditor. Additionally, the Board Audit Committee is responsible for the resolution of any disagreement between Executive Management and the External Auditor regarding financial reporting that may arise in the conduct of issuing an audit report or related work.
- 8.3.7 The Board Audit Committee will ensure that the External Auditor participates in sessions of the Committee to build trust and provide a forum for issues of concern to be raised.
- 8.3.8 Meetings with the External Auditor shall be held as a matter of course and shall include, at a minimum, the engagement partner and other key members of the audit engagement team.

8.3.9 Discussions with the External Auditor may include concerns about Executive Management and the internal auditors and other matters that the External Auditors may wish to discuss.

8.3.10 The External Auditor and its employees are prohibited to:

8.3.10.1 Reveal the Bank's secrets;

8.3.10.2 Combine between its assigned business, functions and duties and any other business in the Bank; and

8.3.10.3 Work at the Bank before at least one year from the date of relations end with the Bank (QFMA Corporate Governance Code, Article 23).

Related Documentation

- AOA
- CCL
- QFMA Corporate Governance Code
- QCB Corporate Governance Guidelines

9 Confidentiality

Purpose

The purpose of this section is to define the principles and guidelines required in order to maintain/ preserve confidentiality of the Bank's information.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

9.1 General

9.1.1 Commercial Bank prohibits the public disclosure of confidential Bank information. "Confidential Information" may include, but is not limited to, any of the following:

9.1.1.1 Expected financial results/ forecasts and projections;

9.1.1.2 Technical data not published previously;

- 9.1.1.3 New announcements of significant investments, projects, divestures, restructuring etc.;
 - 9.1.1.4 Marketing strategies/ campaigns;
 - 9.1.1.5 New or extensions to key contracts;
 - 9.1.1.6 Personnel information/ salaries;
 - 9.1.1.7 Changes in dividend policy;
 - 9.1.1.8 Significant litigation exposure; and
 - 9.1.1.9 New equity or debt offerings
- 9.1.2 All Board Members and employees must acknowledge that all information concerning the Bank or its subsidiaries, customers, and personal information is considered Confidential Information and is to be used for the Bank's purposes only.
- 9.1.3 Use of Confidential Information for other than the Bank's business purposes may result in disclosure of Insider Information. Insider information is considered as one situation where conflict of interest should be avoided. Refer to Section 9: Conflict of Interest and Section 12: Insider Trading for a detailed discussion.
- 9.1.4 Information regarding any business conducted cannot be disclosed to outside individuals (unless authorised by the Bank or its customers, etc.) and may not be used for personal gain. The use of such information for personal or other gain is unethical under the Bank's policy.
- 9.1.5 In addition, all published information (both for internal and external use), developed programs, manuals, equipment, etc. are the property of the Bank and are reserved for use by employees of the Bank. Use of this material for any other purpose may constitute copyright infringement and theft.
- 9.2 Classification of Confidential Information

The Bank has established the following classification of Confidential Information as per the Information Security Management Policy:

9.2.1 The Bank Confidential Information: Internal Use Only

Information with this classification is not highly sensitive and can be distributed within the Bank without restrictions.

Information Handling criteria:

- Secure Processing
- Storage
- Transmission
- Disposal
- Destruction
- Chain of Custody
- Logging

9.2.2 The Bank Confidential Information: Need-to-Know

This information is more sensitive in nature than “Internal Use Only” documents. Its dissemination is limited to employee and/ or service providers who need the information to perform their work. Information in this category may include new project details and personnel information.

Information Handling criteria:

- Secure Processing
- Storage
- Transmission

- Disposal
- Destruction
- Chain of Custody
- Logging

9.2.3 The Bank Confidential Information: Registered

This is the most sensitive type of information. Registered documents must be numbered and each copy assigned to a specific recipient. These documents must be kept in a secure place at all times and shall not be duplicated, except by their originator and with adequate internal approval. Information in this category may include financial forecasts, expansion plans, acquisitions, mergers and other contracts.

Information Handling criteria:

- Secure Processing
- Storage
- Transmission
- Disposal
- Destruction
- Chain of Custody
- Logging

9.3 Conduct of Personnel

- 9.3.1 All the Bank employees are expected to act in a professional manner and maintain confidentiality at all times in dealing with actual records, projects or conversations, and abide by the obligations of contractual confidentiality agreements. The following non-exhaustive situations shall be considered in violation of this section:
- 9.3.1.1 Allowing unauthorised access to confidential Bank information, customer information, financial data, contract details, confidential research data, or employee personal information on the Bank's computers;
 - 9.3.1.2 Sharing information acquired by persons in the course of their work with others who are not authorised to receive such information;
 - 9.3.1.3 Accessing information that the individual does not have the authority to access in the course of his/ her work, or does not have a need to know to carry out his/ her job duties;
 - 9.3.1.4 Sharing of information related to confidential human capital matters;
 - 9.3.1.5 Breach of confidentiality obligations regarding the disclosure of confidential information that is subject to a duly signed confidentiality agreement/ statement; and
 - 9.3.1.6 Discarding confidential documents in an unsecure manner.
- 9.3.2 All the Bank employees shall protect and maintain business partner, customer and vendor privacy and confidentiality and as such should adhere to the following, at a minimum:
- 9.3.2.1 All information related to the Bank's business should be kept in the strictest confidence;
 - 9.3.2.2 Customer/ vendor/ business partner information (including the name and address of their business) should never be sold or made available to any other firms unless prior approval has been obtained;
 - 9.3.2.3 Customers/ vendors / business partner have the right to exercise control over how the Bank uses the information obtained pertaining to customer/ vendor business; and
 - 9.3.2.4 The Bank employee and/ or service providers must at all times respect customer/ vendor/ business partner privacy when marketing the Bank's products and services.

9.4 Requests for Confidential Information

9.4.1 All requests for confidential information shall be directed to the GCEO for approval.

9.5 Electronic Mail (E-mail)

9.5.1 The Bank employees and/ or service providers are discouraged from forwarding or sending e-mails containing confidential information outside of the Bank's network.

9.5.2 If there is a business need to communicate any sensitive information with someone outside the Bank, the employee and/ or service provider shall confirm with their immediate supervisor that an appropriate non-disclosure agreement has been signed prior to sending such information outside the Bank network.

9.6 Communication with Vendors and Customers

9.6.1 Employees and/ or service providers must also use caution and discretion when communicating with vendors and clients. Before disclosing information, employee and/or service providers shall consider the following:

9.6.1.1 Ensure that appropriate non-disclosure agreements are in place whenever applicable;

9.6.1.2 Disclose only the information necessary to complete the project or the contract;

9.6.1.3 Remind the vendor/ customer of the importance of keeping the Bank's information confidential; and

9.6.1.4 Consult with the immediate supervisor before providing access to information to any non- Bank individuals.

9.7 Disclosure of Confidential Information

9.7.1 The Bank shall require its service providers to sign standard nondisclosure agreements to protect the Bank from unauthorised disclosure of confidential/ sensitive information.

9.7.2 No article or speech by any Bank employee speaking on behalf of/ or about the Bank is published without submitting it to the Executive Management for approval by the Board.

9.7.3 No financial information other than that required by statutory reporting requirements may be disclosed without the prior approval of the Board.

Related Documentation

- QFMA Corporate Governance Code

10 Whistle-blowing

Purpose

The purpose of this section is to encourage all Commercial Bank employees and/ or outsourced service providers to disclose any wrongdoing that may adversely impact the Bank, its customers, shareholders, employees or the public at large. This document advocates that an employee can report issues without fear of reprisal.

Scope

This section is applicable to the Commercial Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and Commercial Bank's representatives in the said subsidiary board shall report on the same to Commercial Bank's Board.

Section

10.1 General

- 10.1.1 Commercial Bank is committed to high standards of ethical, moral and lawful business conduct and practices. The Bank requires employees to immediately report incidents, or suspected incidents of Improper Conduct. Whistle-blowers who act in good faith are protected against reprisal or other unfair treatment. Deliberately false allegations will result in disciplinary action. Refer to Commercial Bank's Whistle-blower Policy.

11 Relationship with Stakeholders

Purpose

The purpose of this section is to delineate guidelines and standards which promote good relations through effective communication between the Bank and its stakeholders.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

11.1 The Bank recognises the important role that stakeholders play towards the achievement of the Bank's long-term strategy and sustained growth. The Board is committed to continually uphold the rights of its stakeholders and ensure that stakeholders' interests are adequately considered in the legal and business decisions that the Bank will take.

11.1.1 The Bank has a structured process in managing its relationship with its stakeholders. Such process shall delineate the protocols that will be followed in communicating with stakeholders, level and degree of information that can be divulged, and agreed structure/ timeframe in responding to any concerns raised by stakeholders.

11.2 Dialogue/ Communication with Stakeholders

- 11.2.1 The Board as a whole has the responsibility for ensuring that a satisfactory dialogue/ communication with stakeholders, including shareholders, takes place. A hallmark of an effective and transparent communication is one which puts emphasis on the integrity, timeliness and relevance of information provided but continually mindful that the level of information disclosed does not negate the Board's duty to protect the long-term sustainability of the Bank nor provide unfair advantage to some stakeholders over the others.
- 11.2.2 The Chairman (and other Board Members as appropriate) shall maintain sufficient contact with major stakeholders to understand their issues and concerns. The Chairman shall ensure that the views of stakeholders are communicated to the Board as a whole.

Stakeholder communication shall be done through a range of channels which may include, but is not limited to, the following:

11.2.2.1 The Bank's Annual General Assembly;

11.2.2.2 Annual Reports;

11.2.2.3 Corporate Governance reports;

11.2.2.4 Regular trading updates and market/ investor briefings; and

11.2.2.5 The Bank's official website.

11.3 General Assembly

- 11.3.1 The Bank shall use new and modern technologies in communicating with shareholders in order to facilitate the effective participation of the greatest number of them.
- 11.3.2 The Bank shall enable shareholders to know matters listed on the agenda and provide sufficient information to enable them to make decisions.
- 11.3.3 The Bank shall disclose the results of the General Assembly immediately upon finishing and send a copy of such minutes to the QFMA immediately upon approval.

11.3.4 Shareholders' rights related to attend and participate in the General Assembly are contained with the Bank's AOA's in compliance with QFMA Corporate Governance Code.

11.4 Access to Information

11.4.1 Executive Management shall ensure the timely update to the Bank's website to reflect latest investor relation information including all pertinent press releases, financial reports, investor presentations, Board-related updates, governance aspects and other disclosures as required.

11.4.2 Executive Management shall also ensure that a direct line is provided (and included on the Bank's website and press releases where applicable) to stakeholders who may have queries or require further information. For further information on access to information and the communication channels use by the Bank, see Corporate Affairs Policy (01-01-POL-002).

11.4.3 All information provided to stakeholders via any other form of communication must reflect publicly known information. In the provision of information, no insider information or preference to one stakeholder over another is allowed.

11.4.4 The Bank must disclose its capital structure, any agreement concluded thereto, and the shareholders who own, directly or indirectly, 5% or more of the Bank's shares (QFMA Corporate Governance Code).

11.4.5 The Bank shall submit, monthly, an application to the depository to get an updated copy of the shareholders register and keep it (QFMA Corporate Governance Code).

11.4.6 Contracts that may result in an asset or liability are confidential in nature and shall be shared only on a case by case basis and subject to relevant approval. However, the Bank will disclose all assets and liabilities (including loans) as part of its financials which have been approved by the External Auditor.

11.4.7 All shareholders shall be provided with adequate information about the rights attached to all series and classes of shares before they purchase the same.

11.4.8 The Bank's Articles of Associations and by-laws include procedures of access to information that enable the shareholders to exercise full rights without prejudice to other shareholders' rights or harm the Bank's interest. The Bank shall check and update this information regularly, and shall provide shareholders with all information they deem important, and enable them to exercise their rights fully, using new and modern technologies (QFMA Corporate Governance Code,).

- 11.4.9 The Bank's shareholders shall also be provided with adequate information (e.g. qualifications, knowledge and practical experiences), and in sufficient time before the date determined for the General Assembly, relating to candidates for the Bank's Board to enable them to make an informed decision. The General Assembly shall elect the Board Members by secret ballot in accordance with the cumulative voting method.
- 11.4.10 Any Commercial Bank Stakeholder (non-shareholder) may request information relating to his interest with attaching a proof of capacity, and the Bank shall provide the requested information in a timely manner and in a way that does not threaten the Stakeholder's interest or the Bank's interests.

11.5 Shareholder Relations

11.5.1 Equitable Treatment of Shareholders

- 11.5.1.1 The Bank shall uphold the equitable treatment of all holders of shares falling under the same class, and between holders of different classes of shares without prejudice to the rights of shareholders of those classes which have priority in ranking (QFMA Corporate Governance Code) and uphold the equitable treatment of minority shareholders, depositors, debtors and other stakeholders (QCB Corporate Governance Guidelines, Principle 1, 3 (4)).
- 11.5.1.2 All shareholders shall be provided with adequate information about the rights attached to all series and classes of shares before they purchase the same. They shall also be provided adequate information (e.g. qualifications, experience, etc) on candidates for the Bank's Board to enable them to have an informed decision. (QFMA Corporate Governance Code, Article 29) (AOA 40, 64 and 65).
- 11.5.1.3 Minority shareholders shall be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and shall be accorded effective means of redress. The Bank's minority shareholders shall also be adequately protected in the event of approval of major transactions that might harm their interests, prejudice the ownership of the Bank's capital, or where the said minority shareholders have voted against such major transactions (QFMA Corporate Governance Code).
- 11.5.1.4 Minority shareholder's 'Tag Along Rights' shall be upheld where applicable. QFMA defines Tag Along Rights as "the minority shareholders' right to participate in a major sale of shares or a public offering and to sell their shares on the same terms and conditions".

11.5.1.5 Processes and procedures for general shareholder meetings shall allow for equitable treatment of all shareholders. Procedures shall not make it unduly difficult or expensive to cast votes.

11.5.2 Dividends

11.5.2.1 The Board shall lay down a clear policy for the distribution of dividends, in a manner that may realize the interests of the Bank and shareholders; shareholders shall be informed of that policy during the General Assembly and reference thereto shall be made in the Board report, (QFMA Corporate Governance Code).

11.5.2.2 The dividends approved by the General Assembly for distribution, whether they be in cash or bonus shares shall be given, as of right, to shares owners who are listed in the register kept at the Depository at the end of trading session the day on which the General Assembly is convened. (QFMA Rules of Dividend Distribution).

11.5.2.3 The Bank shall build cash reserve to support bonus share to shareholders (if any) taking into consideration the dividend payout ratio.

11.5.2.4 The target payout/ dividend shall be declared as a percentage of net profit available to the Bank.

11.5.2.5 The Bank shall consider the following factors before presenting dividend payout plan to the Board:

- a *Cash flow constraints*: It is not obligatory on the Bank to distribute full profit to the shareholders. Commercial Bank shall keep sufficient cash for its operational requirements before dividend distribution.
- b *Lenders' constraints*: the Bank shall satisfy the financial requirement of lenders, if any.
- c *Legal constraints*: Any legal reserves required under the law shall be reserved before distributing the dividend.
- d *Future investment plan*: Investment plans of the Bank shall be considered and sufficient cash shall be retained before dividend distribution unless it has been decided to fund the investment through additional share capital or bank financing.

Related Documentation

- AOA
- CCL
- QFMA Corporate Governance Code
- QCB Corporate Governance Guidelines
- Corporate Affairs Policy Manual (01-01-POL-002)

12 Insider Trading

Purpose

The purpose of this section is to outline guidelines and protocols as it relates to insider trading activities.

Scope

This section is applicable to the Bank Board, Executive Management, Bank employees and some service providers. With respect to subsidiaries, the relevant subsidiary's Board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary Board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

- 12.1 A key function and responsibility of the Board in regards to internal control is setting procedures for dealing in securities by Insiders and identify periods when the trading of Commercial Bank securities, or the securities of any company within the Commercial Bank Group, is prohibited (QFMA Corporate Governance Code)
- 12.2 "Insiders" are any person who becomes acquainted with material undisclosed information about the Bank's business such as financial information, changes in staffing, operational initiatives, strategy, or other information that could affect the price or trading of the Bank securities ("Inside Information"). Insiders include Board Members, Executive Management, employees, beneficial owners of the Bank shares and others who have access to Inside Information due to contractual, professional or other relations.

- 12.3 The definitions of “Insider” and “Inside Information” above also apply to the securities of companies within the Commercial Bank Group, and the securities of companies in which the Bank has an interest.
- 12.4 The Bank’s Head of Corporate Affairs shall maintain a list of Insiders in relation to Board Members and members of EXCO. It is the responsibility of SBU Heads to maintain a list of employees who are Insiders within their SBU.
- 12.5 The Bank regulates the trading of Bank shares by Insiders as per QFMA Corporate Governance Code.
- 12.5.1 Insiders shall not:
- 12.5.1.1 exploit Inside Information about the Bank for trading in its shares to seek personal benefit or benefit to other persons; nor
 - 12.5.1.2 disclose information which is not yet disclosed to QSE and is capable of affecting the prices of the securities or trading in QSE.
- 12.5.2 “Tipping off” Non-Insiders is prohibited. Insiders shall not trade or “tip” Inside Information to Non-Insiders (including relatives) who don’t have a fiduciary duty or other relationship of confidentiality and trust not to misappropriate the Inside Information.
- 12.5.3 Insider Trading (13.5.1) and Tipping off (13.5.2) above also apply to securities of companies within the Bank Group, and the securities of companies in which the Bank has an interest.
- 12.5.4 All Bank Board Members and Executive Management, and other staff who are Insiders, are prohibited from directly or indirectly trading the Bank shares, on their own account or on the account of others, during the “prohibited period” or “close period.” The close period is defined in QSE Circular No. 3 of 2021 as:
- 12.5.5 For the quarterly financial statements, three working days before the ending date of disclosure of such statements until their announcement to the public and for the annual financial statements, five working days before the date of the Board of Directors’ meeting to discuss the financial statements and until the convening of the Board meeting, approving and disclosing such statements to the public. The Head of Corporate Affairs shall notify Board Members and EXCO of the close period for each quarter. It is the responsibility of SBU Heads to subsequently notify employees who are Insiders within their SBU of the close period.

- 12.5.6 Dealing in the Bank shares by the Board, Executive Management, employees and other Insiders shall be prohibited after unexpected events affecting the activities or the financial position of the Bank until such events are publicly disclosed.
- 12.5.7 Certain Commercial Bank service providers may have access to information about the Bank's business which has not been disclosed to shareholders and the investing public. If the service provider has material Inside Information about the Bank, the service provider may not trade in the Bank's shares from the moment the service provider receives that Inside Information until after the close of the second trading day following public disclosure of the Inside Information.
- 12.5.8 Additionally, the service provider must not assist anyone else to trade in the share by improperly disclosing inside information to them.
- 12.5.9 Breach of the regulations in this Section 12 is a serious violation of the Bank's ethical standards and policies and may result in the Bank instituting applicable penalties to the offender which includes termination from employment for the violating employee/ service provider, among others. See Human Capital Employee Handbook (12-12-PRO-001).

12.6 Personal Account Transactions

- 12.6.1 The Bank may restrict certain employees/ service providers (investment, finance, etc) from trading in the Bank's shares or in shares owned by the Bank to prevent personnel from using Inside Information for personal gain. The list of employees / service providers covered by this section will be determined by the Management and approved by the Board.
- 12.6.2 The Bank may at any time, and without giving any reason:
- 12.6.2.1 Restrict dealings by any employee / service provider;
 - 12.6.2.2 Impose special conditions or restrictions on staff dealing; or
 - 12.6.2.3 Decline to give permission to staff dealing when it is requested.
- 12.6.3 The Bank shall ensure that restrictions with regard to personal account transactions are included in the terms of contract of the relevant employees/ service providers.

12.6.4 The Bank shall maintain a list of relevant investments in relation to which the Bank and its staff may have Inside Information (securities of companies in which the Bank has an interest). The Bank employees / service providers may not undertake personal account transactions in relation to investments on the restricted list unless:

12.6.4.1 The transaction is for the purposes of realising the cash value of a holding or position not related to the Bank's business; and

12.6.4.2 The Bank has given its express written permission for the transaction.

12.7 Disclosure requirement

12.7.1 As per QFMA Corporate Governance Code, Board Members, Executive Management, all Insiders, their spouses and minor children must disclose any trading or transaction they carry out involving the Bank's shares or any other Commercial Bank securities.

Related Documentation

- AOA
- QFMA Corporate Governance Code
- QSE Circular No.7 of 2019
- Bank-wide Code of Conduct in the Employee Handbook (12-12-PRO-001)

13 ESG and Corporate Social Responsibility

Purpose

The purpose of this section is to delineate guidelines and standards relating to the Bank's corporate social responsibility (CSR) and ESG.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

All roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Commercial Bank's Delegations of Authority.

Section

13.1 ESG

- 13.1.1 The Board shall establish the Bank's Environment, Social and Governance (ESG) framework, for approval by the General Assembly, with the aim of supporting various social projects.
- 13.1.2 The Board shall approve the Bank's environment protection and risks of climate change management policies and establish appropriate policies and measures to assess the risks of climate change and its potential effects on the Bank's activities and business plan at the level of the Bank's Group.

13.2 CSR

- 13.2.1 The Bank, as a responsible corporate citizen, recognises its social responsibility to integrate business values and operations to meet the expectations and needs of its stakeholders. In its broadest sense, CSR includes issues related to business ethics, community investment, environment, governance, human rights, marketplace and the workplace. It is an essential tool in communicating with the community that the Bank operates in and in building the Bank's brand.
- 13.2.2 The Bank shall do its part in community development and promotion, and the environment preservation through effective and meaningful participation system of CSR (QFMA Corporate Governance Code).
- 13.2.3 It is the Bank's objective is to utilise CSR in order to achieve the following:
- 13.2.3.1 Build Reputation: A coordinated CSR strategy can improve the public and stakeholder view of the Bank.
 - 13.2.3.2 Improve Employee Engagement: A meaningful CSR strategy can increase employee/ service provider engagement, loyalty and in turn employee/ service provider retention.
 - 13.2.3.3 Increase Market Share: A coherent CSR strategy can highlight the attractiveness of doing business with the Bank.
 - 13.2.3.4 Leverage Resources: A focused CSR strategy would allow the Bank to use limited resources effectively to meet targeted business and community needs.
 - 13.2.3.5 Private Resources for Public Good: A genuine desire to make a meaningful societal contribution.
- 13.2.4 The Bank shall formulate a clear strategy for CSR in line with the existing brand positioning. The Bank shall implement its CSR strategy through the following channels:
- Sponsorships;
 - Events;
 - Partnering with charitable organisations; and

- Donations for worthwhile social causes.

13.2.5 The annual CSR budget should be approved by the Board as part of the annual business planning and budgeting cycle.

13.2.6 Refer to the Marketing Policies Manual (11-02-POL-001) for the detailed discussion of CSR.

Related Documentation

- Marketing Policies Manual (11-02-POL-001)

14 Internal Control System

Purpose

The purpose of this section is to establish a dependable system of internal controls. These controls will ensure that the Bank's accounts and records are accurate and reliable, transactions are properly authorised, and assets are adequately safeguarded.

Scope

This section is applicable to the Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the relevant subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and the Bank's representatives in the said subsidiary board shall report on the same to the Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration the Bank's Delegation of Authorities.

Section

14.1 General

14.1.1 The Board shall maintain a sound system of internal control designed to safeguard shareholders' investment and the Bank's assets and to ensure the reliability of the Bank's financial recordkeeping and reporting.

14.1.2 Internal control systems shall include one or more effective and independent units for assessment and management of risk, as well as financial and operational internal audit functions in addition to external audit. The internal control system shall also ensure that all Related Party transactions are handled in accordance with the requirements related thereto and in

line with policy. It shall set clear lines of responsibility and accountability throughout the Bank (QCB Corporate Governance Guidelines Principle 6).

- 14.1.3 This unit shall be managed by one or more internal auditor(s) who has qualification and experience in financial audit, performance assessment and risk managements, and has an access to all the Bank departments to follow-up the unit work.
- 14.1.4 Effectiveness of the Bank's internal control system shall be reviewed by the Board at least annually (QCB Corporate Governance Guidelines Principle 7). Such review shall include all material controls, including financial, operational and compliance controls and risk management systems.
- 14.1.5 The Bank shall follow and implement the following basic control concepts:
 - 14.1.5.1 A systematic approach to safeguard assets and the reliability of financial records;
 - 14.1.5.2 Identification and segregation of responsibilities and duties of groups/ functions and personnel of the Bank's different departments and sections;
 - 14.1.5.3 A system for establishing, amending, and communicating approved policies and procedures;
 - 14.1.5.4 A system for awareness and education programmes for employees about the importance of self-control and internal control;
 - 14.1.5.5 A system of authorisation limits and recording procedures that ensures reasonable control of assets, liabilities, income, and expenses;
 - 14.1.5.6 A plan in risk management that at least includes identifying major risks that may impact the Bank, especially those related to new technology; the Bank's ability to take risks; ability to put in risk identification mechanisms; implement risk awareness programmes, and ways to mitigate risk (QFMA Corporate Governance Code).

14.2 Written Policies and Procedures

- 14.2.1 The Board shall establish, communicate and enforce a specific direction for the Bank, through the adoption of written policies and procedures that cover every aspect of operation and management. These policies and procedures shall establish the guidelines within which management must operate.
- 14.2.2 The policies and procedures shall be reviewed on an annual basis, at a minimum, by the relevant SBU Heads.
- 14.2.2.1 All material changes to policy shall be approved by the Board.
- 14.2.2.2 Approval of procedures shall be done by the SBUs.
- 14.3 Job Descriptions and Segregation of Duties
- 14.3.1.1 All the Bank job positions shall have comprehensive written job descriptions.
- 14.3.1.2 The Board shall approve the organisational chart. Any major amendments in reporting lines must have the approval of the Board.
- 14.4 Internal Audit
- 14.4.1 The Board shall ensure that there is an effective risk-based internal audit within the Bank.
- 14.4.2 The Board, through the Board Audit Committee, shall ensure that the Bank's Internal Audit Department is independent and has the necessary resources, standing and authority within the Bank to enable it to discharge its functions.
- 14.4.2.1 The Internal Audit Department shall report directly to the Bank's Board Audit Committee.
- 14.4.2.2 The Chief Internal Auditor shall be appointed by the Board Audit Committee in agreement with QCB.
- 14.4.2.3 Every three months, the Internal Auditor shall submit a report on the internal control achievements of the Bank to the Board Audit Committee and/ or Board for review. These reports shall include suggested corrective actions for all problems noted during the audit (QFMA Corporate Governance Code).

- 14.4.3 Based on the Board Audit Committee's recommendation, the Board shall determine the data that the internal control report should include, which shall be at least the following:
- 14.4.3.1 Procedures of control and supervision in respect of financial affairs, investments, and risk management.
 - 14.4.3.2 Review of the development of risk factors in the Bank and the appropriateness and effectiveness of the systems in the Bank to face the drastic or unexpected changes in the market.
 - 14.4.3.3 A comprehensive assessment of the Bank's performance regarding its implementation of the internal control system in compliance with provisions of the QCB & QFMA Corporate Governance Code.
 - 14.4.3.4 The Bank's compliance with applicable market listing and disclosure rules and requirements.
 - 14.4.3.5 The Bank's compliance with internal control systems when determining and managing risks.
 - 14.4.3.6 The risks faced the Bank, their types, causes and the actions taken in this regard.
 - 14.4.3.7 Suggestions corrective actions for all problems noted during the audit, suggestions for addressing the violations and mitigating the risks (QFMA Corporate Governance Code,).
- 14.4.4 All internal audit observations/findings noted shall require a follow-up audit to determine whether adequate corrections have been made.
- 14.4.5 Refer to the Internal Audit Policies (06-03-POL-001) for detailed discussion.
- 14.5 Regulatory Risk Issues
- 14.5.1 The Bank's Executive Management is responsible for ensuring that recordkeeping is reliable and accurate and that its activities are conducted in a safe and sound manner and in compliance with regulations.
 - 14.5.2 Weaknesses in internal controls could make it difficult for Executive Management to determine the true condition of the Bank and jeopardise Executive Management's ability to make appropriate decisions. A lack of internal controls may also make it impossible for Bank's Executive Management to accurately detect errors in procedures; this could ultimately affect Executive Management's ability to comply with regulations and its ability to maintain the safety and soundness of its assets.

Related Documentation

- AOA
- CCL
- Board Committees Charter (01-01-CTR-003)
- QFMA Corporate Governance Code
- QCB Corporate Governance Guidelines
- Internal Audit Policies (06-03-POL-001)
- Human Capital Policies (12-01-POL-001)

15 Code of Conduct

Purpose

The purpose of this section is to formalise and provide an overview on expected standards of professional conduct for Commercial Bank directors and employees/ service providers.

Scope

This section is applicable to the Commercial Bank Board, Executive Management and Bank employees. With respect to subsidiaries, the subsidiary's board shall oversee the activities/ operations and plans of the concerned subsidiary and Commercial Bank's representatives in the said subsidiary board shall report on the same to the Commercial Bank's Board.

Responsibility and Authority

The overall responsibility in implementing this section falls within the jurisdiction of the Board. Roles and responsibilities mentioned within this section shall be performed by the related functions taking into consideration Commercial Bank's Delegation of Authorities.

Section

- 15.1 Commercial Bank encourages its Board Members and employees to carry out their official duties for the benefit of the Bank, and the public/ society at large. It is the duty of the Board Members/ employees/ service providers to serve the Bank and the public in a selfless manner, and not use offices, titles, or official influence for any other purpose (QFMA Corporate Governance Code).

- 15.2 The Board shall update professional conduct rules setting forth Commercial Bank's values and professional standards reinforcing honesty and integrity and shall constantly and regularly review its policies charters, and internal procedures of which shall be binding upon Commercial Bank's Board Members, Executive Management, advisors, and employees (QCB Corporate Governance Guidelines Principle 1 I (3)).
- 15.3 The Board shall ensure that a Code of Conduct for the Bank is in place and observed. It is an obligation for every Board Member and employee to understand and comply with the Bank-wide Code of Conduct. No excuses shall be granted for failure to comply with the Code and a breach of the Code of Conduct will lead to disciplinary action up to and including termination of employment within the restrictions and requirements of Qatar Labour Law. Refer to the Bank-wide Code of Conduct (12-01-PRO-001) for detailed discussion.

Related Documentation

- Code of Conduct (12-01-POL-002)
- Human Capital Employee Handbook (12-12-PRO-001)
- QCB Corporate Governance Guidelines

16 Abbreviations and Definitions

AOA	Articles of Association
BAC	Board Audit Committee
BEC	Board Executive Committee
BOD or Board	Board of Directors
Board Member	A member of the BOD
BRCC	Board Risk and Compliance Committee
BRNGC	Board Remuneration, Nomination and Governance Committee
The Code	The QFMA Governance Code for Companies & Legal entities Listed on the Main Market
Commercial Bank / The Bank	The Commercial Bank (P.S.Q.C.)
CCL	Commercial Companies Law No (11) for the Year 2015 (as amended)
CSR	Corporate Social Responsibility
GCEO	Group Chief Executive Officer
DOA	Delegation of Authority
EGM	Executive General Manager
EXCO	Commercial Bank's Management executive committee
Executive Management	The GCEO, members of EXCO, and other executive managers reporting to the GCEO
IAS	International Accounting Standards
Independent Board Member	The Bank adopts the QFMA and QCB definitions of "Independent" Board member. In the event of conflict between QFMA and QCB definitions, the more stringent requirement shall prevail.
Insider	Defined in Section 12.2
MRC	Management Risk Committee
Non-Executive Board Member	The Bank adopts the QFMA and QCB definitions of "Non-Executive" Board member. In the event of conflict between QFMA and QCB definitions, the QCB definition shall prevail.
QCB	Qatar Central Bank
QE	Qatar Exchange
QFMA	Qatar Financial Market Authority

17 Appendices

Appendix A: Charter Revision Proposal Form

Charter Revision Proposal Form	
Reference: 01-01-CTR-002	Date December 2023
Originated by: Marie Therese Auger	Position: Head of Corporate Affairs
Matters proposed to be revised (attach photocopies, if required)	
Section No.	Section Name
<p>General Changes: Reference to specific articles updated or removed</p> <p>1.3.3 Nominations: Section was removed and reference to Nomination Policy added.</p> <p>1.3.4.1 Protocol on Election of Board Members: Section was removed and reference to Nomination Policy added.</p> <p>5.1.5 The Board of Directors, acting through the BRNGC, shall monitor and update the Bank's remuneration policies annually, which must be reviewed by Internal Audit, and the BRNGC may seek the services of a specialized expert, to ensure the accuracy and compliance of these policies and its relevant procedures with international best practice and QCB's Instructions based on objectivity and impartiality, and without any interference by the Executive Management.</p> <p>5.2.1 Board Members' remuneration shall be in accordance with the remuneration framework established in accordance with QCB Corporate Governance Guidelines Principle 7, QCB Circular No. 18/2014, QCB letter 1507/2023 dated 11 June 2023, and in compliance with the CCL, QFMA Corporate Governance Code and the AOA.</p> <p>6.2.5.4 The Annual Corporate Governance Report shall be published on the Bank's website</p>	

- 8.1.6.4 The Bank’s compliance with its Articles of Associations and its compliance with the provisions of the Law, the QFMA’s relevant legislations, including the provisions of the Corporate Governance Code, and QCB Corporate Governance Instructions
10. Whistle-blowing: Responsibility and Authority was removed and reference made to Commercial Bank’s Whistle-blower Policy
- 11.5.2.2 The dividends approved by the General Assembly for distribution, whether they be in cash or bonus shares shall be given, as of right, to shares owners who are listed in the register kept at the Depository at the end of trading session the day on which the General Assembly is convened. Added (QFMA Rules of Dividend Distribution).
- 12.5.4 All Bank Board Members and Executive Management, and other staff who are Insiders, are prohibited from directly or indirectly trading the Bank shares, on their own account or on the account of others, during the “prohibited period” or “close period.” The close period is defined in QSE Circular No. 3 of 2021 as:
- For the quarterly financial statements, three working days before the ending date of disclosure of such statements until their announcement to the public and for the annual financial statements, five working days before the date of the Board of Directors’ meeting to discuss the financial statements and until the convening of the Board meeting, approving and disclosing such statements to the public.

Reasons for proposed revisions

Other comments

Approved

Signatories

Effective Date

Appendix B: Charter Distribution and Acknowledgement Form

Charter Distribution and Acknowledgement Form	
Charter	
Version Number	
Name of the Director/ Employee	
Date of Acknowledgement	
Director/ Employee Signature	