

# CBQ Remuneration Policy Principles

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## CBQ Remuneration Principles

**Our Vision:** Maintain a responsible, performance-based Remuneration Policy that is aligned with the short, medium and long-term interests of our employees and shareholders.

**Our Goal:** Strike the right balance between meeting shareholders' expectations, paying our employees competitively, and responding appropriately to the legal and regulatory requirements and guidelines.

CBQ Remuneration Principles aim to:

- Attract and motivate great people without any discrimination based on race, gender or religion
- Reward our people for acting responsibly and professionally having regard to customers, shareholders and the communities in which we operate
- Align the interest of management and shareholders by ensuring that management makes decisions for the long-term good of CBQ as a whole
- Link total remuneration with performance and risk over the short, medium and long term
- Represent global, regional and regulatory best practice in regard to the design and governance of variable pay and incentives

**Governance:** The Board Remuneration, Nomination and Governance Committee (BRNGC) is responsible for setting the Bank's remuneration framework for the Board members, management and staff. All incentives and variable pay programs are strictly supervised and controlled by the Board through appropriate delegation to BRNGC.

**Risk Alignment:** Relevant risk and compliance measures are considered in evaluating performance and allocating variable pay. The risk assessment for performance assessment and performance-linked pay includes all types of risks of CBQ (as

relevant to the role) including credit risk, liquidity risk, reputation risk, market risk and capital adequacy risk. Collective and individual performance measures are calibrated over the short, medium and long term.

**Bonus deferral:** Mandatory deferral of variable remuneration is one of a number of elements implemented to ensure prudent risk management. Mandatory deferral places an increased emphasis on having a variable remuneration structure that is:

- flexible,
- continues to be performance-linked,
- has significant retention elements and
- motivates employees to drive continued performance over the longer term by aligning a significant portion of variable remuneration to sustained growth in shareholder value over the longer term.

**Claw-Back:** CBQ's Malus and Claw-back provisions allow the BRNGC to determine that, if appropriate, vested elements under all variable pay plans can be adjusted or cancelled in certain situations relating to risk and compliance and standards of conduct of participating managers and key risk takers.

### QCB Circular reference

- all Qatar Central Bank regulations and guidelines including Corporate Governance Instructions issued in Circular number 1477/2022 (25/2022); dated 30 August 2022 and 0001507/2023; dated 11 June 2023 and all corporate governance requirements

## Prudential Guidelines for Governance of Remuneration

### How CBQ Complies

| Key requirements of QCB Principles                                                                                      | How We Comply                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <b>Governance Principles</b>                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| The firm's board of directors must actively oversee the Remuneration system's design and operation                      | <ul style="list-style-type: none"> <li>➤ All incentives and variable pay programs are strictly supervised and controlled by the Board through appropriate delegation to BRNGC.</li> <li>➤ BRNGC meets regularly to review adherence to Policy and procedure for remuneration and variable pay policy. Variable pay governance includes 3 distinct steps: <ul style="list-style-type: none"> <li>- BRNGC approval of bonus pool accumulation principles</li> <li>- BRNGC review of business performance including risk and audit review and determination of pay-out ratio for bonus pool</li> <li>- BRNGC review of proposed variable pay allocation for GCEO, EXCO and overall pool for all staff.</li> </ul> </li> <li>➤ The remuneration policy of CBQ subsidiaries are managed &amp; reviewed in accordance of CB remuneration principles set through the subsidiary Boards and Board Remuneration Committees.</li> </ul> |
| The firm's board of directors must monitor and review the Remuneration system to ensure the system operates as intended | <ul style="list-style-type: none"> <li>➤ The BRNGC will consult with Board Risk Committee on the alignment of risk and remuneration and on any risk adjustments to be applied in setting the variable pay pool.</li> <li>➤ The BRNGC also considers material issues raised by the Board Audit Committee resulting from the work of Internal Audit including communication of relevant Internal Audit finding on remuneration matters.</li> <li>➤ The BRNGC is responsible for reviewing and making recommendations on the Remuneration Policy at least every three years to ensure it remains appropriate for the intended purpose. Regular health checks of the Policy will be conducted on an annual basis.</li> </ul>                                                                                                                                                                                                      |

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| Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm | <ul style="list-style-type: none"> <li>➤ While the fixed pay and benefits are competitively designed to attract and reward employees based on their skill and expertise, variable remuneration is designed to retain talent and align remuneration with performance and risk to the bank.</li> <li>➤ Respective Board committees review base pay and determines variable remuneration for all employees in Audit, Risk and Compliance functions. Control function remuneration is set independently of the business lines they supervise.</li> </ul>                                                                                                                                                                                                                                               |
| <b>Alignment Principles</b>                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| The remunerations and incentives rules should be based on performance assessment including financial and non-financial standards                                                                                                    | <ul style="list-style-type: none"> <li>➤ Variable pay is linked to a performance evaluation system for all staff including regular performance review and transparent feedback. Individual variable remuneration payments vary each year based on Group and Business Unit financial performance, demonstration of CBQ ethics, adherence to risk and compliance standards, along with execution on non-financial targets, example digital transformation initiatives, and organizational initiatives related to environmental, social and governance measures, as applicable to the role.</li> </ul>                                                                                                                                                                                                |
| Remuneration for all staff must be designed to promote sound risk management and be adjusted for all types of risk                                                                                                                  | <ul style="list-style-type: none"> <li>➤ Risk indicators are included in the Group performance scorecard defined at the start of each plan year and considered for performance evaluation of all staff.</li> <li>➤ At the end of each plan year, the Board reviews actual CBQ Group Performance against the performance score card metrics – including Profitability, Risk, Efficiency, Performance Consistency, Digital transformation and compliance Environmental, Social &amp; Governance.</li> <li>➤ The Group performance assessment in addition to the assessment inputs from control functions – Risk, Compliance and Internal Audit forms the basis of the Board's decision on variable remuneration.</li> </ul>                                                                          |
| Remuneration payment schedules must be sensitive to the time horizon of risks and incentives must be relative to long term achievement                                                                                              | <ul style="list-style-type: none"> <li>➤ Mandatory deferral of variable remuneration is one of a number of elements implemented to ensure prudent risk management.</li> <li>➤ For staff deemed to be Senior Managers or Key Risk Takers mandatory bonus deferral will apply up to 50% of variable pay. A substantial portion of deferred bonus – to be determined each year by BRNGC - will be deferred for at least 3 years from the date of bonus grant.</li> <li>➤ The class of employees to which mandatory deferral applies, the quantum of variable remuneration which is subject to deferral and the time period over which deferral occurs are regularly reviewed and determined by the BRNGC and will always be set to meet regulatory and best practice governance standards.</li> </ul> |

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| The mix of cash, equity and other forms of Remuneration must be consistent with risk alignment                                                               | <ul style="list-style-type: none"> <li>➤ Variable payments are delivered as a combination of cash and deferred cash and mandatory participation in CBQ Long Term Incentive Scheme (Equity-linked).</li> <li>➤ To ensure the interests of the GCEO, Executive Committee and Senior Managers and Key Risk Takers continue to be aligned with those of shareholders, employees subject to mandatory bonus deferral will be required to participate in the CBQ Long Term Incentive Scheme.</li> </ul>                                                                  |
| Incentives must be sensitive to risk in the short, medium and long term                                                                                      | <ul style="list-style-type: none"> <li>➤ The Bank's Malus and Claw-back provisions applicable to the Variable remuneration allows the BRNGC to determine that, if appropriate, vested elements under all variable pay plans can be adjusted or cancelled in certain situations relating to risk and compliance and conduct standards of participating managers and key risk takers.</li> </ul>                                                                                                                                                                     |
| <b>Engagement Principles</b>                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Banks must disclose clear, comprehensive and timely information about their Remuneration practices to facilitate constructive engagement by all stakeholders | <ul style="list-style-type: none"> <li>➤ BRNGC and the Board report on Remuneration Principles in CBQ's Annual Corporate Governance Report as per QFMA Corporate Governance Code Article 4. Remuneration Principles are presented to shareholders at the AGM for approval on an annual basis as per QFMA Corporate Governance Code Article 8.11, and is also made publicly available via CBQ's website.</li> <li>➤ CBQ discloses to QCB for review the details of variable pay awards made to GCEO and EGMs annually before any such payments are made.</li> </ul> |