

بنك دبي التجاري
Commercial Bank of Dubai



CORPORATE GOVERNANCE MANUAL

VERSION 4

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Table of Abbreviations

Abbreviation	Description
ALCO	Asset and Liability Management Committee
BoD	Board of Directors
BAC	Board Audit Committee
BCIC	Board Credit and Investment Committee
BRCC	Board Risk and Compliance Committee
BSC	Board Strategy Committee
CBD	Commercial Bank of Dubai
CBUAE	The Central Bank of the UAE
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCO	Chief Credit Officer
COO	Chief Operation Officer
CIA	Chief Internal Auditor
CRO	Chief Risk Officer
CC	Credit Management Committee
DoA	Delegation of Authority
ESG	Environmental, Social, & Governance
EXCO	Executive Management Committee
IAD	Internal Audit Department
ISSC	Internal Shariah Supervision Committee
RPT	Related Party Transactions
PIC	Project Investment Management Committee
RMCC	Risk Management and Compliance Management Committee
RMD	Risk Management Department
REMCO	Nomination, Remuneration and Governance Committee



Introduction to the Corporate Governance System

Corporate governance is the system of rules, practices and processes by which the CBD Group which includes the entities owned or controlled by Commercial Bank of Dubai PSC (“CBD” or the “Bank”) within the meaning established by law (the “Group”) is directed and controlled. Corporate Governance essentially involves fair treatment and balancing the interest of the many stakeholders in the Bank, which include its shareholders, management, customers, suppliers, bondholders, the government (including regulatory entities) and the community.

The Group maintains a continuously updated Corporate Governance System, which is a set of documents made up of, the:

- The Articles of Association of CBD and the other entities of the Group;
- Purpose, Vision and Values of CBD Group and its Codes of Conduct;
- The Corporate Governance Manual;
- The Policies listed in annexes of the Corporate Governance Manual; and
- The Corporate Policies.

The Group develops its strategy in accordance with a purpose and certain values to which all of the entities and persons forming part of the Group are committed, the common denominator of which is the sustainable creation of long-term shareholder value, being a good corporate citizen and balancing the optimization of benefits realization for all stakeholders.



BOOK 1

ARTICLES OF ASSOCIATION



Articles of Association

The Articles of Association are the document which, along with the memorandum of association form the Bank's constitution, defines the responsibilities of the directors, the kind of business to be undertaken, and the means by which the shareholders exert control over the board of directors.

As per the laws in the UAE, the Memorandum of Association and Articles of Association of the Bank shall always be compliant with the Companies Law as amended from time to time and shall include the provisions, jurisdictions and powers of the Board of Directors and the General Assembly of the Bank.

The Articles of Association of the Bank shall, upon its registration in the Commercial Register with the competent authority, be binding to all its shareholders and the Bank may, with the consent of the relevant authorities, issue a special Decision to amend its Memorandum of Association or Articles of Association.

Commercial Bank of Dubai is a Public Joint Stock Company that was established in the Emirate of Dubai, United Arab Emirates pursuant to the Emiri Decree issued by H.H. the Ruler of Dubai dated 3/7/1969. Its Commercial License Number is 551151.

Pursuant to the Governance Regulations, the Bank's Certificate of Incorporation shall be published along with its Memorandum of Association and Articles of Association and any amendments thereto in the Online Bulletin posted on the Securities and Commodities Authority website.

The latest version of the Articles of Association of Commercial Bank of Dubai PSC and its main subsidiaries can be consulted on the official website www.cbd.ae.

The Articles of Association is set out in Annex 1.



BOOK 2

VISION, PURPOSE AND VALUES OF THE CBD GROUP AND ITS CODE OF CONDUCT



Chapter 1 Vision, Purpose and Values of CBD Group

The Board of Directors of CBD (hereinafter “Board of Directors” or “Board”) is vested with the power to approve the purpose, vision, and values of the CBD Group.

The purpose, vision, and values of CBD Group as approved by the Board of Directors are an independent part of the Corporate Governance System.

The purpose, vision, and values of the Group constitute its corporate philosophy, inspire and take form in CBD’s Articles of Association and the other rules of the Corporate Governance Manual, govern the day-to-day activities thereof, channel its leadership role in all of its areas of activity, focus its strategy, and guide the ethical behavior of all the personnel of the Group.

Section 1. Our Purpose

Backing the Nation’s Ambitions.

Section 2. Our Vision

To be the best bank for our customers.

Section 3. Values

Our day-to-day activities and objectives are driven by our core values:

Collaboration: One Bank together now.

Ownership: What we say, we do.

Delivery: Drive flawless execution through effective planning.

Excellence: Win together through service excellence.

All the subsidiaries of the Bank strictly adhere to the purpose, vision and core values of the group.



Chapter 2 Codes of Conduct, Conflict of Interest and Insider Trading

Section 1. Codes of Conduct

1. Employees Code of Conduct

Being a high-performing Bank is not only about performance, goals and achievement. It is also about how we behave towards each other and the world around us. We want to be a trusted partner to our customers, shareholders, colleagues, and the communities in which we operate. Our business depends on this trust and we are committed to conducting our business in a responsible, ethical and lawful manner.

The CBD Group has a Code of Conduct that develops the principles contained in the Vision, Purpose and Values of CBD Group and that serves as a guide for the conduct of its professionals in a complex and changing environment.

The Code of Conduct is the foundation of our corporate culture and sets out high standards of integrity for how we do business. Everyone in CBD Group must follow these standards. We make decisions every day that can influence our reputation. An uninformed decision, even made with the best intentions, can damage our reputation. The Code of Conduct as approved by the Board sets out the core requirements for our conduct in CBD Group. The Code of Conduct helps all employees to make informed decisions and explains where to go for more information and guidance.

As per the Governance Regulations, the Bank's Code of Conduct must define acceptable and unacceptable behaviors. Employees are expected to conduct themselves ethically and perform their jobs with skill, due care and diligence in addition to complying with laws, regulations and Bank's different policies. It is expressly prohibited to complete any illegal activity including but not limited to:

- Fraud,
- Breach of sanctions,
- Bribery and corruption,
- Money-laundering,
- Anti-competitive practices, and
- Violation of consumer rights.

The Employees Code of Conduct is set out in Annex 2.

2. Non-Executive Directors' Code of Conduct

The Board of CBD has adopted a Code of Conduct for the non-executive directors to set the tone for the conduct of the whole organization and to ensure that CBD is committed to conducting its business in accordance with the highest ethical standards and in accordance with relevant legislation and regulation, including the Governance Regulations as defined in this Corporate Governance Manual.

This means ensuring that Board members act with integrity, exercising their duty of care, duty of confidentiality and duty of loyalty in the best interests of its various stakeholders, whilst meeting regulatory expectations. In keeping with the principles set out in the Governance Regulations and the different governing documents, the Board adopted the Code of Conduct for all Non-executive Directors, which is acknowledged in writing by them on their appointment or re-appointment to the Board. It is intended that this Code will inform and guide Directors in the way in which they undertake the tasks for



which they are responsible and sets the tone from the top for how all in CBD deal with their own responsibilities.

The purpose of the Code is to assist Directors in understanding, and promoting adherence to the standards of conduct and ethical behavior expected of them. Knowing that no code can offer a complete guide to cover all situations that might arise, Directors must exercise judgment in applying principles to any given situation. The provisions in the Code are a guide but not a substitute for any other obligation a Director may have according to the different applicable laws and regulations.

The Code is applicable to all the Board members. Senior Management and all other employees of the Bank must follow the Code of Conduct for Employees.

The Non-Executive Directors Code of Conduct is set out in Annex 3.

3. Suppliers' Code of Conduct

The Suppliers' Code of Conduct sets out CBD's principles and expectations as to how organizations who supply goods and services to CBD ("**Suppliers**"), including their employees, agents, affiliates and sub-contractors are to conduct business with, and deal with CBD. CBD expects its Suppliers to demonstrate their commitment to basic working conditions, ESG principles, and ethical business practices. Operating a responsible and transparent business is critical to CBD's strength and stability as a company, and is a core obligation to our customers, clients, employees, shareholders and communities.

Suppliers should adhere to all applicable laws, rules and regulations of the jurisdictions in which Suppliers operate, including, but not limited to, those related to business practices, labor and employment, immigration, human rights, health and safety, building codes, privacy, and the environment.

The Suppliers' Code of Conduct is set out in Annex 4.

Section 2: Conflict of Interest Policy

Conflicts of interest raise governance and regulatory issues for the CBD Group. They also raise concerns in the mind of the public and members of the media, potentially undermining the organization's reputation and good standing.

Generally speaking, a conflict of interest is a situation in which a Board Member or employee of the Group or one of his or her family members has a personal or financial interest that compromises or could compromise the Board Member or employee's independence of judgment in exercising his or her responsibilities. Board Members and employees are expected to minimize conflicts of interest, disclose ethical, legal, financial, and other conflicts, and remove themselves from decision-making if they would otherwise be called on to act on a conflict involving themselves, their family members or entities with which they or their family members are closely associated. Under the Conflict of Interest Policy, Board Members and employees are required to disclose actual or potential conflicts of interest, as well as certain relationships and transactions, to enable CBD to report required information and to enable CBD to take steps it considers necessary or advisable to address conflicts of interest.

The Employees Conflict of Interest Policy is set out in Annex 23.

The Directors Conflict of Interest Policy is set out in Annex 24.

Section 3: The Personal Dealing and Prohibiting Insider Trading Policy

UAE laws prohibit the purchase or sale of securities by persons who are aware of material non-public information about a company, as well as the disclosure of material, non-public information about a



company to others who then trade in the company's securities. These transactions are commonly known as "insider trading."

Insider trading violations are heavily pursued and are punished. While the regulatory authorities concentrate their efforts on individuals who trade, or who provide inside information to others who trade, the UAE laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

The Board of Directors of CBD has adopted the Personal Dealing and Prohibiting Insider Trading Policy both to satisfy CBD's obligation to prevent insider trading and to help CBD Board Members and employees avoid the consequences associated with violations of the insider trading laws.

The Personal Dealing and Prohibiting Insider Trading Policy is set out in Annex 25.



BOOK 3

CORPORATE GOVERNANCE MANUAL



Introduction to the Corporate Governance Manual

As a publicly listed company and a financial institution, Commercial Bank of Dubai PSC (“CBD” or the “Bank”) believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the market place. Thus, the business and operations of the Bank will be conducted in accordance with the principles and best practices of good corporate governance. CBD’s corporate governance practices are anchored on our core values which guide us in our decisions, interactions and relationships with our shareholders and other stakeholders.

The Corporate Governance Manual (the “Manual”) was designed to define the framework of rules, systems and policies that governs the performance of the Board of Directors (the “Board”) and Senior Management. It establishes the structure by which the Bank executes and carries out its Corporate Governance. This serves as reference for all the members of the Board as well as its Senior Management in the conduct of their duties and responsibilities.

The provisions in this Manual are the principles enunciated in:

- The “*Corporate Governance Regulation*” and accompanying “*Corporate Governance Standards*” as issued by the UAE Central Bank through the Notice No. CBUAE/BSD/2019/3671 dated 17 September 2019 as amended from time to time and all additional governance requirements as contained in the separate regulations and standards issued by the Central Bank for risk management, internal control, compliance and internal audit and financial reporting and external audit and any additional specific regulation issued now or in the future by the Central Bank,
- The “*Standard Re. Shari’ah Governance for Islamic Financial Institutions*” as issued by the UAE Central Bank through the Notice No. CBUAE/BSD/2020/2123 dated 3 May 2020 as amended from time to time,
- The “*Standard Re. Regulatory Requirements for Financial Institutions Housing an Islamic Window*” as issued by the UAE Central Bank through the Notice CBUAE/BSD/N/2020/4743 dated 26 October 2020, and
- The “*Chairman of Authority’s Board of Directors’ Decision No. 3/Chairman of 2020 concerning approval of Joint Stock Companies Governance Guide*” as published by the Securities and Commodities Authority and amended in 2024.
- Provisions relating to public joint stock companies in the Federal Law No. 32 of 2021 on Commercial Companies (the “Commercial Companies Law”).

(Each or altogether the “Governance Regulations”)

In addition to the Governance Regulations, this Manual follows the leading global practices in corporate governance.

Through this Manual, the Board aims to promote adherence, further strengthen the Group’s commitment to good corporate governance, and align the corporate governance system with the international practice taking into account the continuous developments in the national Governance Regulations. Therefore, the purpose of the document is to institutionalize clear, robust and effective Corporate Governance as the foundation for CBD’s future market leadership, continued profitability and long-term stability.

The Board of Directors, Senior Management and staff hereby acknowledge that this Manual will be their guide to principled actions and responsible conduct in fulfilling their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which the Bank operates.



The Manual and its annexes constitute the governance framework of the Bank.

In respect of Corporate Governance affairs, the Corporate Governance function and Board Secretary, overseen by the Board, is responsible for ensuring that the corporate governance manual is up-to-date. The Corporate Governance function and Board Secretary shall maintain a repository which shall contain the corporate governance manual its appendices and associated control documents including the Bank's authorities' matrix. This repository and its associated documents shall be accessible to the Bank's employees through the intranet.

The Board Secretary shall be responsible for reviewing the contents of the Corporate Governance Manual on an ongoing basis and shall recommend updating it as necessary. The Corporate Governance function and Board Secretary shall conduct a full review every year, along with review and approval from the Board.



Chapter 1 Corporate Governance General Principles

Section 1. What is Corporate Governance and why it is important for the Bank

As per the UAE Central Bank ("UAE CB"), Corporate Governance is the set of relationships between the Bank's management, Board, shareholders and other stakeholders which provides the structure through which the objectives of the Bank are set, and the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibility are allocated and how corporate decisions are made.

The Bank strongly believes that sound corporate governance practices can help improve the performance of the Bank in multiple ways:

- **Improvement in performance and profitability:** Governance is intended to result in improved performance. Effectively it increases the Board's and Senior Management's ability to make optimal decisions that can drive an increase in revenue and a reduction in costs.
- **Mitigation of risk of failure:** When executed effectively, governance can prevent corporate scandals, fraud or any civil and criminal liability of the Bank. It also enhances the Bank's reputation in the market as a self-policing Bank that is responsible and worthy of investor capital.
- **Protection of minority shareholders:** Sound governance practices ensure that rights of minority shareholders are protected, particularly the right to seek information, voice an opinion and vote in General Assembly Meetings.

Section 2. Principles of Corporate Governance at Commercial Bank of Dubai PSC

As per the UAE CB regulations, the Bank's Board is in ultimate control of the Bank and accordingly ultimately responsible for the Bank's corporate governance. Members of the Board must ensure that the Bank has robust corporate governance policies and processes consummate with the Bank's risk profile and systemic importance. As Islamic products are offered by the Bank, members of the Board should also ensure compliance with Shari'ah principles and that the standards for Shari'ah governance are respected. Therefore, the Board of Directors of CBD has the power to design, approve, assess and continuously revise the Corporate Governance Manual.

This Manual is an essential piece of the corporate governance framework and includes the fundamental aspects and commitments of CBD's Group. The Bank also expects its shareholders and other persons holding rights or interests in shares of the Bank to respect and comply with the provisions of this Manual in their relations therewith.

The Group's commitment to good corporate governance and transparency guides the conduct of the Board of Directors, the committees thereof and the other decision-making bodies of the Bank in its relations with shareholders, investors, customers and other stakeholders, as well as the development of its corporate governance strategy, which is based on the following principles:

- a. The good governance recommendations generally accepted in international markets and the specific Governance Regulations are taken into account in configuring and updating the Manual;
- b. The Bank conceives of the corporate interest as the common interest of all shareholders of an independent company oriented towards the creation of long-term value for the shareholders' benefit, taking into account other stakeholders related to its business activity and its institutional reality, and especially the legitimate interests of the community in which the Bank acts and those of its employees.



- c. The Bank considers the effective engagement of the stakeholders in its corporate life to be a primary objective. For this purpose, the Board approved the Stakeholder Engagement Policy.
- d. The Bank encourages the informed participation of the shareholders at the General Shareholders' Meeting and takes proper measures to facilitate the effective exercise by the shareholders at a General Shareholders' Meeting of the powers they hold under the applicable laws.
- e. Transparency is one of the values constituting CBD's relationships with the markets and with the general public. The Bank maintains a corporate website, envisaged as an instrument for channeling its relations with shareholders and investors, as well as the other stakeholders. In addition, the Bank makes available to its shareholders and investors significant information concerning the running of the Bank and its Group, in accordance with the provisions of the applicable laws.
- f. The Board seeks a proper balance in its composition, and has independent directors, with specialized committees.
- g. The Board of Directors endeavors to ensure a diversity of gender and experience in its composition and in that of its committees and the other decision-making bodies of the Bank, as a reflection of the social and cultural reality of the society in which the Group operates.
- h. The Corporate Governance Manual includes the mechanisms and procedures required to prevent, identify and resolve conflicts of competition and of interest, whether of an exceptional or structural and permanent nature.
- i. The Bank seeks to assure, to the extent it is able to do so, the respectability, capability, expertise, competence, experience, qualifications, training, availability and commitment to their duties of the directors and senior officers. The Remuneration, Nomination and Governance Committee establishes an annual programme for the evaluation and ongoing review of qualifications and, if appropriate, independence of the directors, as well as of ongoing compliance thereby with the requirements of respectability, capability, expertise, competence, availability and commitment to their duties as directors and as members of a given committee of the Board of Directors.
- j. The Bank sets its remuneration policy following principles that combine motivation, loyalty-building and the objective evaluation of management and performance with dedication and achievement of the goals and results of the Bank and its Group in alignment with the shareholders' objectives.
- k. Institutional leadership, the promotion and protection of development initiatives and projects, and the improvement of the Bank's Corporate Governance Manual, as well as ensuring the proper operation thereof, are entrusted by the Bank to the chairman of the Board of Directors.
- l. The Bank's Board of Directors focuses its activity on approving the strategic goals of the Group, on defining its organizational model, and on supervising compliance therewith and further development thereof.
- m. The Bank is permanently committed to the application of ethical governance practices and the maintenance, development and monitoring of compliance policies at the Group level. This includes compliance with applicable laws and regulations and with risk management policies, endeavoring to ensure that the Group's internal procedures conform to the highest ethical standards. The Compliance Unit ensures the application of such standards, reporting to the Board Risk and Compliance Committee.

The Corporate Governance Organizational Chart is set out in Annex 22.



Chapter 2 Shareholders of the Bank

Section 1. General Rights and Duties of the Shareholders

As per Article 10 of the Articles of Association, “each ordinary share gives its owner the right in a dividend equal to his share without discrimination in the Company’s assets when liquidated and in the distributed profit as outlined later, and the right to attend the General Assembly meetings and vote on its decisions”. Each share of the Bank grants the legitimate holder thereof the status of shareholder.

Moreover, as per article 9 of the Articles of Association, “ownership of any share in the Company shall be deemed an acceptance by the shareholder to be bound by these Articles of Association and the resolutions of the Company’s General Assembly. A shareholder may not request a refund for his contribution in the Company’s share capital.”

Shareholders must exercise their rights vis-à-vis the Bank and other shareholders, and must comply with their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with law and, to the extent applicable, the Corporate Governance Manual. Within this context, the Bank facilitates and promotes a responsible exercise of their rights and the performance of their duties by the shareholders subject to the above-mentioned principles.

The Bank expects shareholders, other persons holding rights or interests in shares of the Bank, and, to the extent applicable, intermediary or managing entities or depositaries, to exercise their rights and comply with their duties in accordance with these principles.

For such purposes, the Bank expects that they act with transparency vis-à-vis the Bank and the other shareholders, and report to the Bank the terms and conditions associated with the acquisition and holding of their financial, voting and related rights, without prejudice to their legal duty to disclose significant interests, the identity of the ultimate and actual owner of the Bank shares, any other securities entitling the holders to acquire or subscribe for shares or other interests therein, and any voting rights that may be exercised by them, and, if applicable, report the capacity in which they hold such shares, securities, rights or interests.

In this connection, the Bank considers that compliance with the duties of transparency established by law and, to the extent applicable, the Corporate Governance Manual, must be a constant in the full exercise of the shareholder’s position and of the rights ensuing from such status.

Specifically, every shareholder and every holder of an interest in shares of the Bank or of voting rights therein, even if not a shareholder must be prepared, as an expression of the holder’s commitment to transparency and the corporate interest, to disclose and provide to the Bank specific, full and accurate information on the aspects described below:

- a. In the event of the acquisition of voting rights representing a percentage equal to or greater than one per cent of the share capital, whether the holder is also the full owner of the respective shares or has assumed the risk and peril thereof, as well as the type of instrument used for such acquisition.
- b. In the event that any agreement is executed or any kind of financial instrument is acquired that grants the right to acquire or transfer shares, interests in shares or voting rights or to exercise or control the exercise of voting rights of the Bank representing a percentage of the share capital or of voting rights equal to or greater than one per cent, whether individually or in the aggregate, the terms and conditions of such agreement or instrument.
- c. In the event that the threshold of five per cent and successive multiples of five per cent of the share capital or of voting rights is exceeded, whether the holder has a plan to acquire control of the Bank



or intends to continue to acquire shares, interests in shares or voting rights, and the periods during which the holder intends to do so, as well as information regarding the funds allocated to the acquisition of the shares, interests in shares or voting rights, charges and encumbrances created on the foregoing and any additional information that may be relevant to assess the nature of the interest acquired and the earnestness of the holder's intentions, and any intention of influencing the composition of the Board of Directors of the Bank, its strategy or its financial or management policies, as well as any changes with respect to the foregoing.

- d. In the event that the formal owner of the shares, of the interests in shares or of the voting rights holds such status in a fiduciary or any other capacity, to disclose to the Bank the name of the ultimate and actual owners of the shares, interests in shares or voting rights.

Section 2. General Right of Access to Information

In addition to the right of having access to information related to the Bank within the disclosure framework specified by the laws and regulations, article 15 of the Articles of Association states that, *"shareholders have the right to review the Company's books and documents and any documents or instruments related to a deal made by the Company by entering into the deal with a Related Party by authorization from the Board of Directors or in accordance with a decision of the General Assembly"*. For the proper exercise of this right, the applicant should respect the following conditions:

- a. An application to inspect the books of the Bank should be made in good faith and for a proper purpose. The reference to good faith reinforces the requirement of proper purpose. To act in good faith and inspect Bank books for a proper purpose means to act and inspect for a *"bona fide proper purpose"*.
- b. The application must be for a purpose connected with the proper exercise of shareholder rights and exercised by a person in their capacity as shareholder and not, for example, solely as a litigant in proceedings against the Bank or as a bidder under a takeover scheme.
- c. The requirements of good faith and proper purpose must be proved objectively, rather than relying on the subjective belief of the applicant.
- d. The onus of proof to establish good faith and proper purpose falls on the applicant shareholder.

Section 3. Encouragement of Participation in the General Shareholders' Meeting

The General Shareholders' Meeting is the principal channel of participation of the shareholders in the Bank. It is held within the framework of the Annual General Assembly Meeting of the shareholders or any additional meeting called as per the rules and regulations.

The meeting is organized in compliance with the provisions of the rules and regulations governing public joint stock companies and listed companies.

Shareholders are encouraged to attend the General Shareholders' Meeting in person or through proxies.

The General Shareholders' Meeting is called as provided by law by means of publication of an announcement in two local newspapers, on the Bank's corporate website, as well as on the website of the Dubai Financial Market. The same is disclosed to the UAE Central Bank and to the Securities and Commodities Authority.



Section 4. Payment of Dividends

Payment of dividends is regulated by different laws, rules and regulations. Article 237 of the Companies Law No.32 of 2021 stipulates that, *“the International Accounting Practices and Standards shall be applied by the companies upon preparing their periodical and annual accounts and determining the dividends”*.

With regards to the distribution of profits, article 241 of the Companies Law specifies that:

- a. The General Assembly of the company shall determine such percentage of the net profits to be distributed to the shareholders after deducting the legal reserve and the optional reserve.
- b. A shareholder shall be entitled to his share of the profits in accordance with the conditions as determined under a Decision by the Securities and Commodities Authority.
- c. Subject to Clause 1 of this Article, the Articles of Association of the company may provide for the distribution of annual, biannual or quarterly profits.

The Articles of Association of the Bank allow only the distribution of annual profit. The agenda of the Annual General Meeting contains a mandatory item in the agenda related to the review by the shareholders of the *“proposals of the Board of Directors on the distribution of profit, whether it is in cash or in the form of shares”*. The recommendation of the Board of Directors with regards to the UAE Central Bank regulations. In this regard, article 62 of the Articles of Association clearly specifies that the *“dividends shall be paid to the shareholders in accordance with the Central Bank and the Authority’s regulations, resolutions, and circulars in such regard”*.

Dividend payments are part of the Bank's commitment to delivering value to shareholders.

The Board of Directors is guided by some specific elements when determining the Bank's dividend payout for a particular year. These elements include the following:

- Bank's outlook earnings growth;
- Liquidity requirements;
- Capital expenditure requirements;
- Capital position;
- Capital adequacy rules;
- The applicable rules and regulations set by the UAE Central Bank; and
- Ensuring an attractive, sustainable return to shareholders.

Generally, dividends shall be paid out in cash or bonus shares, on an annual basis, shortly after the Bank's Annual General Assembly.

Section 5. Right to Request that a Meeting Be Called, that a Supplement to the Call to Meeting Be Published, and to Submit Duly Substantiated Proposed Resolutions

The Board of Directors must call a General Shareholders' Meeting at the request of shareholders representing at least ten per cent of the share capital, with the requirements established by law and, to the extent applicable, the Corporate Governance Manual.

In this regard, article 42 of the Articles of the Association stipulates that *“the Authority, the Auditor or a shareholder or more holding not less than ten percent (10%) of the share capital, with due cause, may submit a request to the Board of Directors to convene the General Assembly. In such case, the Board of*



Directors must call for the convention of the General Assembly within five (5) days from the date of submission of such request’.

Article 51 of the Articles of the Association stipulates also that “(a) the General Assembly may not deliberate on any matters other than those included in the agenda. (b) Notwithstanding the provisions of section (a) above, and subject to the regulations issued by the Authority in this regard, the General Assembly shall have the authority to: (i) Discuss serious matters that may be revealed during the meeting; (ii) List an additional item in the General Assembly's agenda based on a request submitted by the Authority or a number of shareholders holding at least five percent (5%) of the Company's share capital. The chairman of the General Assembly's meeting shall list the additional section before the beginning of the discussion on the General Assembly's agenda or present the matter to the General Assembly in order for the latter to decide whether or not to add such section to the General Assembly's agenda taking into account the conditions set by the Authority with this regards”.

The exercise of such rights must be requested by duly authenticated notice to be received by the Chairman of the Annual General Meeting before the beginning of the discussion on the General Shareholders’ Meeting’s agenda.

In order to ensure strict adherence to the Governance Regulations and the Board of Directors Selection, Suitability and Diversity Policy, the shareholders should not submit for nomination any candidate to the board membership after the deadline specified in the notice. Therefore, the exercise of right to list additional items on the General Assembly agenda specified in Article 51 of the Articles of Association does not include the proposal of any new candidate to the board membership.

The chairman of the General Shareholders’ Meeting shall ensure the dissemination of the item(s) on the agenda and/or the proposed resolutions submitted and the documentation that may be attached thereto.

If such rights are validly exercised, the chair of the General Shareholders’ Meeting, shall submit to a vote the new additional items or proposed resolutions after the proposed resolutions submitted by the Board of Directors.

Section 6. Information for Shareholders prior to General Shareholders’ Meeting

The Corporate Governance Manual elaborates on the provisions of applicable laws governing information for shareholders as regards the means that the Bank must make available to them in order for them to be able to exercise their right to receive information prior to and during the General Shareholders’ Meeting.

After the publication of the call to the General Shareholders’ Meeting, such information as is deemed appropriate to facilitate informed attendance of the shareholders at the General Shareholders’ Meeting is made available to them on the Bank’s corporate website.

In addition to the mandatory reports to be prepared by the Bank in compliance with the applicable laws, rules and regulations, and from the date of publication of the call to the General Shareholders’ Meeting through and including the third day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions they deem relevant, regarding the matters contained in the agenda of the call to meeting.

In order to facilitate the exercise of such right, information may be requested by delivering the request at the registered office or by sending it to the Bank by postal or electronic correspondence.

It is a priority objective of the Bank for all shareholders to be able to exercise their right to receive information.



Section 7. Attendance at the General Shareholders' Meeting

All shareholders who are duly accredited in the manner allowed by law or the Corporate Governance Manual have the right to attend the General Shareholders' Meeting, with no minimum number of shares being required for such purpose.

The Bank encourages the attendance of the shareholders at the General Shareholders' Meeting by holding it on premises that offer the best conditions for the progress and monitoring thereof, with a large capacity, and located in the Emirate of Dubai.

The Bank also actively encourages the participation of all shareholders. In particular, whenever reasonably possible, it provides appropriate means to facilitate entry to and exit from the premises where the meeting will be held by all attendees with reduced mobility, and adopts the measures necessary to allow for participation by attendees with auditory or visual limitations at the General Shareholders' Meeting if such request is made by any shareholder.

The General Shareholders' Meeting is held in Arabic. If requested by any shareholder prior to the meeting, the General Shareholders' Meeting could be the subject of simultaneous interpreting in English language, sign language and an audio description for attendees with visual limitations.

Section 8. Rights to Proxy Representation and to Absentee Voting

The shareholders of the Bank can grant a proxy to another person (even if not a shareholder). The laws, rules and regulations further develop and specify the provisions of the Corporate Governance Manual in connection with the exercise of the rights to attend, to proxy representation and to absentee voting, as well as the rules of priority and for the resolution of issues, in order to safeguard the expression of the intent and the interest of the shareholders.

The Chairman and the secretary of the Board of Directors or, as from the moment a quorum for the General Shareholders' Meeting is determined to exist, the chair of and the secretary for the Meeting and the persons to whom they may delegate powers have full powers to verify and accept the validity of proxies granted and absentee votes in accordance with the provisions of the Corporate Governance Manual, as well as the identity of the shareholders and their proxies and the legitimacy of the exercise of the rights to attend, grant proxies and vote.

According to clauses 1 and 2 of article 40 of SCA regulations on Corporate Governance:

1. Each shareholder who has the right to attend the general assembly may delegate someone from other than the Board members or the staff of the company, or securities brokerage company, or its employees, to attend on his behalf as per a written delegation stating expressly that the agent has the right to attend the general assembly and vote on its decision. A delegated person for a number of shareholders shall not have more than (5%) of the company-issued capital after gaining that delegation. Persons lacking legal capacity and are incompetent must be represented by their legal representatives.
2. The shareholder's signature stipulated in the power of attorney document referred to in (1) above shall be the authorized signature from one of the following entities:
 - a. Notary Public;
 - b. Chamber of Commerce or Economic Department in the country;
 - c. Bank or company licensed in the country, provided that the principal has an account with any of them;
 - d. Financial Markets licensed in the country.
 - e. Any other entity licensed for notarial activities.



The Bank offers to those shareholders having a bank account with the Bank to verify their signatures. For all others, the signature on the proxy should be therefore authenticated and approved before attending the General Assembly Meeting.

Section 9. Other Aspects of the General Shareholders' Meeting

It falls upon the chair of the General Shareholders' Meeting, who will generally be the chairman of the Board of Directors, assisted by the secretary (who will also generally be the secretary of the Board of Directors), to order and direct the meeting in accordance with the provisions of the laws, rules and regulations, indicate the time for voting, establish the voting systems and procedures, determine the system for counting and calculating the votes and announcing the outcome.

The chair of the General Shareholders' Meeting may also present, or appoint a representative of the Bank to present, in an organized manner, those questions or considerations that the Bank's shareholders have submitted to the Bank before or during General Shareholders' Meeting.

Section 10. Communication Channels with Shareholders and Investors

The Bank's main official channel of communication with shareholders and the markets is its continually updated corporate website (www.cbd.ae) and the official website of Dubai Financial Market (www.dfm.ae), through which the Bank channels all information that may be of interest to shareholders and investors, favoring immediate publication thereof and subsequent access thereto. The Board is committed to providing greater disclosure and transparency in its financial reporting.

The corporate website should be one of the principal means to channel the relations of the Bank with all of its stakeholders, encourage the engagement thereof, reinforce their sense of belonging, strengthen the CBD brand, promote the development of the Group's businesses and the digital transformation thereof and show the Bank's commitment to the provisions of the Purpose, Vision and Values of the CBD Group. The corporate website contains the most significant information for the principal stakeholders regarding the Bank.

The Board of Directors aims to deliver all financial and strategic communications in a consistent and transparent way and to make such disclosures easily intelligible in order to present a fair, balanced and understandable assessment of the Bank's position and prospects. The Board welcomes feedback and suggestions for improvement, which can be submitted to the Investors Relations Department. The Investor Relations Department responds on a regular and personalized basis to the questions of analysts and institutional and qualified investors.

Therefore, the Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection with the General Shareholders' Meeting and the corporate governance of the Bank, upon the terms provided by law and the Corporate Governance System.

The Bank must ensure that timely and accurate disclosure is made on all material matters regarding the Bank, including its financial situation, performance, ownership, and governance.

The annual corporate governance-specific and comprehensive statement should be an identifiable and separate section of the annual report. The annual report should include clear, comprehensive and timely information about the Bank's compensation practices. The Board must ensure that the annual Shari'ah report issued by the Internal Shari'ah Supervision Committee is submitted to the High Shari'ah Authority for review and approval before sharing it with shareholders at the Annual General Assembly. The annual Shari'ah report is also published in the annual corporate-governance specific report.

The Disclosure Policy is set in Annex 21.



Chapter 3 the Board of Directors

Section 1. The Board of Directors

The Board of Directors has the broadest powers and authority to manage and represent the Bank other than as reserved by the Companies Law or the Articles of Association to the General Assembly of Shareholders. In the performance of its duties, the Board of Directors pursues the corporate interest and acts with unity of purpose and independent judgement, affording equal treatment to all shareholders in the same situation.

Section 2. Composition of the Board of Directors

As per the Articles of Association, the Board of Directors shall be composed of eleven (11) Directors; all of them should be non-executive directors and shall include independent directors. Independent directors are defined in the Governance Regulations and should be at least representing one-third (1/3) of the total number. Therefore, the Bank should have at least four (4) independent directors. All directors should be UAE Nationals.

The General Assembly of Shareholders elects the Board members by secret cumulative voting.

As the Government of Dubai (through Investment Corporation of Dubai) holds 20% of the Bank capital, it may appoint its representatives in the Board of Directors pro rata to such percentage from the number of Board members.

The nature of each director being independent or not is reported to the shareholders at the General Shareholders' Meeting at the time of making or ratifying the appointment or re-election of said director, as well as in the Annual Corporate Governance Report, after verification by the Remuneration, Nomination and Governance Committee.

It is the responsibility of the Board of Directors to ensure, in the exercise of its powers and without prejudice to the powers of the shareholders at the General Shareholders' Meeting, that independent directors are always representing at least one-third of the Board of Directors. To this effect, the Board adopted the Directors' Test of Independency Policy.

The composition of the Board of Directors shall likewise seek a diversity of gender and experience, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of matters within its power. At least twenty percent (20%) of candidates for consideration for the Board's membership must be female.

Section 3. Selection, Appointment and Succession Planning of Directors

The Board of Directors is composed of persons with recognized prestige and professional competence, who act with independent judgement in the performance of the duties inherent to their position.

When new candidates for membership on the Board of Directors are received, the Remuneration, Nomination and Governance Committee ensures that the candidates proposed are upstanding and qualified persons widely recognized for their expertise, competence, experience, qualifications, training, availability and commitment to their duties, providing appropriate balance to the composition of the Board of Directors in line with laws, Articles of Association and the Governance Regulations. Any candidatureship submitted after the deadline of submission as specified in the notice published in the newspapers and the DFM website will be rejected.

The Remuneration, Nomination and Governance Committee adheres to the Board of Directors' Selection, Suitability and Diversity Policy.



The Remuneration, Nomination and Governance Committee verifies, to the extent practicable, that nominees are not affected by any of the instances of disqualification from or prohibition against holding office as directors or by any of the grounds for conflict of duties or interest established by law, Articles of Association or the Governance Regulations; that the procedures for the selection of directors are free from any implied bias involving any kind of discrimination, and, in particular, that they do not hamper the selection of female directors.

The Remuneration, Nomination and Governance Committee must lead the process for identifying, assessing and selecting candidates. The Central Bank may conduct additional and/or background checks to ensure the fitness and probity of the candidates as well as the accuracy and completeness of the information and documentation provided by the candidates.

Fit and proper criteria shall ensure in particular that candidates:

- a. Possess the necessary knowledge, skills, and experience;
- b. Have a record of integrity and good repute;
- c. Have sufficient time to fully discharge their responsibilities;
- d. Provide for a collective suitability and added value to the Board;
- e. Do not have any conflict of financial or non-financial interests; and
- f. Have a record of financial soundness.

Before validating the list of final candidates for election, the non-objection of the Central Bank must be obtained.

The Remuneration, Nomination and Governance Committee will have a succession plan for the Board Members, including the Chairman, Vice-chairman for the Board itself, and each committee of Board, along with the selection of an immediate successor for any resignation, or departure of the existing Director of CBD, during the term of the Board of Directors, as part of the Board of Directors Selection, Suitability and Diversity Policy, which attempts to ensure that the renewal thereof occurs on a laddered and orderly basis, anticipating expected vacancies.

Process for Succession Plan

1. Chairman of Board or Board Committees

For the succession plan for the Chairman of the Board of Directors and Board Committees, which shall apply if he/she gives early notice of his/her desire to resign from the position, or in the event of permanent or limited and unexpected non-availability, the Vice-Chairman is appointed as Chairman of the Board of Directors or Board Committees for the limited non-availability period or the remaining term of the Board of Directors in case of resignation or permanent non-availability.

2. Vice Chairman of Board or Board Committees

For the succession plan for the Vice-Chairman of the Board of Directors and Board Committees, which shall apply if he/she gives early notice of his/her desire to resign from the position, or in the event of permanent or limited and unexpected non-availability, the Board shall appoint a new Vice-Chairman for the limited non-availability period or the remaining term of the Board of Directors in case of resignation or permanent non-availability.

3. Immediate Successor of the Board

For the succession plan for the member of the Board of Directors, which shall apply if any of the Board member gives early notice of his/her desire to resign from the position, or in the event of permanent or limited and unexpected non-availability, the Board shall appoint a successor as the replacement of outgoing Board member, based on the recommendation of the Remuneration, Nomination, and Governance Committee.

The Remuneration, Nomination, and Governance Committee shall select successors to the Board membership at the first meeting at the start of the Board term. There shall be at least two successors, one from each gender, to ensure compliance with the CBUAE and SCA's requirements of gender diversity.

The male and female candidates receiving the highest number of votes but were not elected to the Board shall be deemed as the immediate successor to the Board membership for an immediate vacancy, depending upon the gender requirement of the Board membership. However, the Bank may seek additional nominations for successors.

The Remuneration, Nomination, and Governance Committee shall notify the candidates on their nomination as successors and request notifying the Bank, in case of their non-availability at any time during the tenure. In such cases, Remuneration, Nomination, and Governance Committee shall seek a replacement for such successor.

The Remuneration, Nomination, and Governance Committee shall review the succession plan each year to ensure the successors are available to join the CBD's Board in case of immediate vacancy.

The Board of Directors' Selection, Suitability and Diversity Policy is set out in Annex 6

The Directors Test of Independency Policy is set out in Annex 8

The Directors Continuing Professional Development Policy is set in Annex 12

Section 4. Information, Updating and Induction of the Board of Directors

The Bank provides directors with information and updates in response to the need for professionalization, diversification and qualification of the Board of Directors. In order to improve their knowledge of the Group, presentations are made periodically to the directors regarding the different businesses of the Group. In addition, a portion of each meeting of the Board of Directors should be dedicated to a presentation on economic, legal or political/social issues of importance to the Group.

The Directors have access to a specific application, the Board Portal, which facilitates exercise of their duties and fulfils their right to receive information. The Board Portal includes information deemed appropriate for preparation of the meetings of the Board of Directors and the committees thereof in accordance with the agenda, as well as training materials intended for the directors and presentations made to the Board of Directors.

In addition, the Directors shall be given access through the portal to the minutes of the meetings of the Board of Directors and the committees thereof, as well as such other information that the Board of Directors resolves to include.

The following mandatory limitations are established on the use by the directors of systems, applications, Information Technology and data transmission elements made available to them by the Bank:

- a. Directors must follow the instructions established and communicated to them by the Bank concerning access, security, operation and use of the hardware and software, including computer programs, access to websites, applications and mobile communication devices.



- b. Directors must first inform the Bank of the use of private data transmission devices with the capability to access the Bank's systems and applications and must follow the compatibility and confidentiality instructions established for such purpose by the Bank.
- c. At the meetings of the Board of Directors and of the committees thereof, as well as at any other meeting in which the directors of the Bank participate in their capacity as directors, they shall observe the security and privacy protocols established by the Bank, which may provide that mobile telephones and data transmission devices in general are to be on silent mode during the entire duration of such meetings, as well as restrictions on receiving or making calls or connections during the meetings except extremely urgent calls.
- d. Directors must use only the electronic board portal and the official email provided to them by the Bank.

The Bank shall respect and protect the privacy of directors' communications and data in the use of the systems, applications and IT and data transmission elements it makes available to them.

New board members will want to contribute to the Bank as quickly as possible. An induction programme is a structured way of providing new board members with all the information and support they need to be confident and productive in their role. The aim is to help new members to understand the organization, the environment in which it operates, and their role in making the organization a success. The Board of Directors has established an Induction Policy and reviews it frequently.

The Induction Policy is set out in Annex 7

Section 5. Evaluation of the Board of Directors

As per the Governance Regulations, the Board of Directors evaluates, on an annual basis, its operation and the quality of its work, the performance of duties by the Chairman of the Board of Directors and the operation of its committees.

Once every five years, the Board of Directors draws on the cooperation of an independent firm of recognized standing to conduct such evaluation.

The Board Performance Evaluation Policy is set out in Annex 11

Section 6. Duties and Obligations of Directors

The Board of Directors is accountable to the Bank's shareholders. The Board has the full authority to perform all activities necessary for providing the control and effective strategic guidance in relation to the Bank and its management. The Board is responsible for achieving its goal represented in creating sustainable value for the shareholders, taking into account the stakeholders' rights. The Board is accountable for the Bank's actions works even if it delegates certain authorities to committees and Senior Management.

6.1 Principles Governing the Duties and Obligations of Directors

As per the Governance Regulations:

- a. Members of the Board must act with integrity, exercising their duty of care, duty of confidentiality and duty of loyalty. They are responsible for ensuring effective control over the Bank's entire operations.



- b. Members of the Board must ensure that the Group has robust corporate governance policies and processes commensurate with its risk profile and systemic importance and, for the Islamic window, full compliance to Islamic Shari'ah rules and principles.
- c. Members of the Board are responsible for approving and overseeing implementation of the Bank's risk governance framework and the alignment of its strategic objectives with its risk appetite.
- d. Members of the Board are responsible for establishing and communicating a corporate culture and values through measures including, but not limited to, a code of conduct, a conflicts of interest policy, an insider trading policy, a whistleblowing policy, and a strong control environment.
- e. Members of the Board are responsible for the organisational structure of the Group including specifying the key responsibilities and authorities of the Board and Board committees, and Senior Management.
- f. Members of the Board are responsible for overseeing Senior Management, ensuring that the Bank's activities are carried out in a manner consistent with the business strategy, risk governance framework, compensation and other policies approved by the Board.
- g. Members of the Board are responsible for conducting a fit and proper test for the selection of Senior Management, including the heads of the risk management, compliance and internal audit functions, and the maintenance of succession plans for Senior Management.
- h. The Board must act in the best interests of its various stakeholders – shareholders, employees, creditors and the local community – while meeting regulatory expectations to ensure that conflicts of interest are avoided. Treating customers fairly must be an integral part of the Bank's good governance and corporate culture.
- i. Members of the Board are responsible for the overall interests of the Bank. This applies to members of the Board representing or appointed by an individual shareholder or group of shareholders. The duty of loyalty precludes individual members of the Board acting in their own interest, or the interest of another individual or group, at the expense of the Bank, its depositors or shareholders. Depositors' interests take precedence over shareholders' interests.

6.2 General Responsibilities of the Board of Directors

In discharging their duties of care, confidentiality and loyalty to the Bank, the main general responsibilities of members of the Board include, but are not limited to:

- a. Overseeing the affairs of the bank and keeping up with material changes in the bank's business and the external environment as well as acting in a timely manner to protect the long-term interests of the bank;
- b. Overseeing the development of and approving the bank's business objectives and strategy, and monitoring their implementation;
- c. Playing a lead role in establishing the bank's corporate culture and values;
- d. Overseeing implementation of the bank's governance framework and periodically reviewing it to ensure that it remains appropriate in the light of material changes to the bank's size, complexity, business strategy, markets and regulatory requirements;



- e. Establishing, along with senior management, the bank's risk appetite, taking into account the competitive and regulatory landscape and the bank's long-term interests, risk exposures and ability to manage risk effectively;
- f. Overseeing the bank's adherence to its risk appetite and risk limits;
- g. Approving and overseeing the implementation of key policies including, but not limited to, the internal capital adequacy assessment process, policies for liquidities and compliance, and the internal control system and record management policy;
- h. Requiring that the bank maintains a robust finance function responsible for accounting and financial data;
- i. Approving the annual financial statements and requiring periodic independent review of critical areas of the bank;
- j. Approving the selection of and overseeing the performance of senior management;
- k. Overseeing the bank's approach to compensation, including monitoring and reviewing executive compensation and assessing whether it is aligned with the bank's culture, risk appetite and shareholders' interest; and
- l. Ensure compliance with Islamic Shari'ah rules and principles. The Board is responsible for the complete supervision of the Islamic window of the bank and ensuring the adequacy of the Shari'ah governance framework to the activities and the size of the window. The Board is responsible for nominating members of the Internal Shari'ah Supervision Committee (ISSC) to the General Assembly of the Shareholders. The Board should also ensure the development, approval and implementation of internal policies related to the Islamic window and compliance with Islamic Shari'ah in coordination with ISSC.

6.3 Specific Responsibilities of the Board of Directors

The members of the Board of the Bank are responsible for the implementation of an effective risk management culture and internal controls across the Bank and its subsidiaries and affiliates. In order to promote a sound corporate culture, members of the Board must establish the "tone from the top" by:

- a. Setting and adhering to corporate values that create expectations that all business must be conducted in a legal and ethical manner, and overseeing the adherence to such values by senior management and other employees;
- b. Promoting risk awareness within a strong risk culture, conveying the Board's expectation that it does not support excessive risk-taking and that all employees are responsible for ensuring that the Bank operates within the established risk appetite and risk limits;
- c. Confirming that appropriate steps have been taken to communicate throughout the Bank the corporate values, professional standards and codes of conduct approved by the Board, together with supporting policies; and
- d. Confirming that employees, including senior management, are aware that appropriate disciplinary or other actions will follow unacceptable behaviors and transgressions.

Furthermore:

- a. The Board approved risk governance framework must incorporate a "three lines of defence" approach including senior management of the business lines, the functions of risk management and compliance, and an independent and effective internal audit function and internal Shari'ah supervision committee.



- b. The Bank's corporate culture must recognize the critical importance of timely and frank discussion and escalation of problems to higher levels. Employees must be encouraged and must be able to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This includes communicating material concerns to the Central Bank.
- c. The Board must ensure implementation of a whistleblowing policy and ensure that senior management appropriately addresses legitimate issues flagged through the whistleblowing mechanism. The Board is responsible for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals. The Board must oversee and approve how and by whom legitimate material concerns are investigated and addressed, including by an objective internal or external body, senior management, and/or by the Board itself.
- d. The Board must provide oversight of senior management. It must hold members of senior management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's expectations. This includes adhering to the Bank's values, risk appetite and risk culture, regardless of financial gain or loss to the Bank. Oversight by the Board should include, but is not limited to:
 1. Monitoring that senior management's actions are consistent with the strategic objectives and policies approved by the Board;
 2. Meeting regularly with senior management;
 3. Critically reviewing explanations and information provided by senior management;
 4. Setting appropriate performance and compensation standards for senior management consistent with the long-term strategic objectives and the financial soundness of the Bank;
 5. Assessing whether senior management's collective knowledge and expertise remain appropriate given the nature of the business and the Bank's risk profile; and
 6. Actively engaging in succession planning for the chief executive officer and ensuring that appropriate succession plans are in place for senior management positions.
- e. The Board must ensure that Senior Management must implement, consistent with the direction given by the Board, systems, processes and controls for managing the risks to which the Bank is exposed and for complying with laws, regulations and internal policies. This includes comprehensive and independent risk management, compliance and audit functions, as well as an effective overall system of internal controls.

Section 7. Director Remuneration

The Board of Directors, based on a recommendation from the Remuneration, Nomination and Governance Committee, submits the directors' remuneration for approval of the shareholders at the General Shareholders' Meeting in compliance with the terms required by law.

The remuneration payable to the directors should be comparable to the remuneration paid at banks of similar size, and takes into account the dedication and responsibility assumed, as well as the performance of the bank and achievement of objectives, all with a view to making remuneration commensurate with the long-term return to the shareholders.

Furthermore, the Board of Directors seeks to ensure the transparency of the remuneration paid to the directors. Therefore, it includes in the notes to the annual accounts of the Bank and in the Annual Report

a detailed description, according to positions and categories, of all items of remuneration received by the directors.

According to applicable laws and Article 60 of the Bank's Articles of Association, directors' remuneration shall not exceed 10% of the annual profit.

As per the Governance Regulations, fines that may have been imposed on the Bank by the Securities and Commodities Authority or the Relevant Competent Authority (being Dubai Economy) due to violations by the Board of the applicable laws or the Articles of Association during the ended fiscal year shall be deducted from the annual remuneration. However, the General Assembly may decide not to deduct such fines or some of them if it deems that such fines were not the result of default or error of the Board.

The Bank's directors are not eligible for any bonus, long-term or other incentive schemes. Directors also do not receive any pension benefits from the Bank. Moreover, article 29 of the "Chairman of Authority's Board of Directors' Decision No. 3/Chairman of 2020 concerning approval of Joint Stock Companies Governance Guide" as published by the Securities and Commodities Authority and amended from time to time specifies that "Attendance allowance may not be paid to the Chairman or a Board member for attending the Board meetings". As a result, CBD does not pay sitting fees for Board meetings. However, CBD pays the nominal amount, as revised from time to time by the Board on the recommendation of the Remuneration, Nomination and Governance Committee (REMCO), as sitting fee per meeting for attendance of the Board Committees' meetings as part of the reimbursement of costs directly related to the discharge of their responsibilities.

Following is the breakdown of sitting fee for attendance of the Board Committees' meetings:

Description	Breakdown
Time Value for Attendance	50%
Meeting Preparation	40%
Transportation & Others	10%

Section 8. Meetings of the Board of Directors

As a fundamental component of the governance process, Board meetings are critical as they present the Directors with an opportunity to obtain and exchange information with Senior Management, one another and to enable decision making. The attendance of Board meetings should be in-person. On an exceptional basis, a director may attend the meeting remotely. While most virtual meeting services come with their own built in security features, there are additional steps that the Board member should take to safeguard the sensitive information. These include limiting the reuse of access codes or issuing one-time access codes. Other low-tech safeguards such as asking all attendees to identify themselves and not recording a meeting unless it is necessary are simple, effective ways to help keep the Bank's information safe. If the information to be discussed is highly sensitive, documents should be shared only via a registered email address of the Bank or via the electronic board portal.

The Board of Directors meets with the frequency that the Chairman thereof deems appropriate, but at least six times per year, and must hold at least one meeting each calendar quarter.



The schedule of regular meetings is set by the Board of Directors itself before the beginning of each financial year, and may be amended by resolution thereof or by decision of its Chairman. The Board of Directors also meets when the Chairman resolves to call an extraordinary meeting thereof or when such extraordinary meeting is requested by at least two directors.

The call to meetings of the Board of Directors is carried out by the Board Secretary, with the approval of the Chairman of the Board of Directors, by any means allowing for the receipt thereof and preferably by email and through the board portal. The invitation shall be sent at least one week prior to the date scheduled for the meeting and the agenda of the meeting shall be included with the invitation.

The Bank's Articles of Association permit the participation in meetings via audio and/or video and audio technology, the Board of Directors and the Board Secretary ensure compliance with the provisions of article 24 of the *"Chairman of Authority's Board of Directors' Decision No. 3/Chairman of 2020 concerning approval of Joint Stock Companies Governance Guide"* as published by the Securities and Commodities Authority and amended from time to time.

The Board of Directors can adopt resolutions by passing (circulation by e-mail) if the following conditions are met:

- The resolution requires an urgent decision,
- Written consent (by e-mail) shall be decided by the majority on any of the resolutions to be approved by circulation, provided that it shall be added to the agenda of the subsequent meeting of the Board to record the decisions in the minutes. However, resolutions approved by circulation shall be immediately enforceable after obtaining the approval of the majority of the Board members.

The resolutions approved by circulation are not considered a meeting, hence the minimum number of meetings of the Board shall be maintained.

Any director may request the inclusion of additional items on the agenda proposed by the Chairman of the Board of Directors, and the latter shall be required to include them when the request is made not less than two days prior to the date scheduled for the holding of the meeting.

Members of the Board should attend meetings of the Board and its Committees and devote sufficient time and effort to prepare for those meetings. Directors will use their best endeavors to attend all scheduled Board meetings, including meetings called on an ad hoc basis for special matters.

Meetings of the Board of Directors shall not be valid unless attended by the majority of the Directors in person. A Director may appoint another Director to vote on his behalf. In such a case, a Director may not act on behalf of more than one Director. Voting through correspondence is not allowed, and the attending Director can vote on behalf of the absent Director in accordance with the stipulations determined in the delegation document. Vote is final and cannot be retrospectively adjusted.

Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, experience, skills and abilities to the Board table.

The Board's discussions will be open and constructive. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote, which will be decided by majority. In the event of an equality of votes, the Chairman will have a casting vote.

It shall be recorded in the minutes of the meetings of the Board or its committees the details of matters considered and the decisions that have been made, including any reservations of members or dissenting views they expressed. These minutes of meetings shall be signed by the members who attended the



meeting as well as the Board Secretary. In case one of the members refuses to sign, his objection shall be recorded in the minutes together with the reasons for objection, if given, and a copy of the minutes shall be sent to members to keep them.

The Board Secretary shall prepare the minutes of the Board meetings and the following controls shall be maintained:

- Specifying the method of invitation, the place of meeting, and the start and end time of the meeting;
- Confirming the attendance of the present members;
- Confirming the delegation for the absent member, in case of delegation by one of the Board members to another member, and confirming that the Articles of Association allows the same;
- Recording the absent members and justifications for non-attendance, "if any";
- Recording the following phrase: "Signatories to these minutes are responsible for the veracity of the data contained therein" at the end of each minutes before the signing the same by the members.

The minutes of meetings of the Board and its committees shall be kept by the Board Secretary.

As per the Governance Regulations, the UAE CB may attend board meetings when it is relevant and when deemed appropriate and important. The level of seniority of UAE CB's attending staff will depend on the reason for attending and the UAE CB's departments involved.

Section 9. Responsibilities of the Chairman of the Board of Directors

The Board of Directors shall appoint, from amongst its members, a chairman and a vice-chairman by secret voting. The vice-chairman of the Board of Directors shall act on behalf of the Chairman of the Board of Directors in his absence or if the latter is otherwise incapacitated.

The Board of Directors may establish from its members, one or more committee(s) to which it may delegate some of its powers or which may be entrusted with the supervising of the conduct of the Bank's business and the execution of the resolutions of the Board of Directors.

Each of the Chairman of the Board of Directors or any other authorized Director acting within the limits granted to him by the Board of Directors may sign on behalf of the Bank.

The Chairman of the Board of Directors shall represent the Bank before the courts and its relationship with others, and is authorized to assign attorneys and whom he/she sees fit to attend on their behalf before the courts of different kinds and levels and others. The Chairman of the Board of Directors may delegate some of his powers to other Directors. The Board of Directors may not delegate to the Chairman all powers of the Board of Directors in an absolute manner.

The Chairman should devote sufficient time to the Bank to enable the Board to diligently discharge its duties and responsibilities. In particular, the Chairman shall assume the following duties and responsibilities:

- a. Ensure that the Board acts efficiently, fulfils its responsibilities and discusses all issues on a timely basis;
- b. Develop and approve the agenda of each Board meeting, taking into consideration any issues that Board members propose to be included in the agenda. The Board Chairman may delegate this responsibility to a certain Board member or the Board Secretary under his/her own supervision;



- c. Encourage all Board members to participate fully and efficiently in the Board in order to achieve the Bank interests and ensure performing the Board members' tasks in the best interests of the Bank;
- d. Adopt suitable procedures to ensure efficient communication with the Shareholders and the efficient communication of their views to the Board;
- e. Hold periodic meetings with the Chief Executive Officer;
- f. Establish constructive relations between Board members and Senior Management; and work to create a culture that encourages constructive criticism;
- g. Ensure that the Board members receive all the necessary information that is clear, accurate and not misleading, so that they can perform their duties;
- h. Ensure that the Board and its members are subject to the annual evaluation as per the Board Performance Evaluation Policy;
- i. Ensure the participation of the Board members, upon their appointment, to an induction program as per the Induction Policy;
- j. Ensure that the board members receive training programs as per the Directors Continuing Development Policy;
- k. Ensure that the Board has sufficient time for consultation and decision-making;
- l. Represent the Bank before third parties according to provisions of the Companies Law and the Bank's Articles of Association;
- m. Consider any issues raised by the Board members or the external auditor; consult with the Board members and the Chief Executive Officer when preparing the agenda of the Board, and ensure that minutes of meetings are kept;
- n. Ensure the proper functioning of the Board and its committees in accordance with applicable laws and regulations;
- o. Ensure that the Board elects the Vice-Chairman;
- p. Ensure that every Board member, at each Board meeting, declares any conflict of interest;
- q. Ensure that the Board and the Bank disclose information and actions that should be disclosed in accordance with the applicable laws and regulations;
- r. Support and encourage standards of corporate governance and ethical culture within the Board and within the Bank;
- s. Ensure effective communications with shareholders and all stakeholders as per the Stakeholders Engagement Policy; and
- t. Attest a statement for inclusion in the corporate governance report, confirming that all internal policies required to ensure compliance with the Central Bank's Regulations and Standards on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit, and outsourcing have been implemented and reviewed for adequacy by the Board within the last year. Otherwise, the attestation must specify those requirements not met and the date by which the Bank intends to comply.

Section 10. Checks and Balances System

A substantive checks and balances approach addresses the roles, responsibilities, and relationships among the key elements and players in the Bank's governance, controls, and oversight system.



Without effective oversight and a system of checks and balances, conditions could allow misconduct. In response to this reality, the Board of Directors must not simply witness the implementation of the checks and balances, but also be involved in formulating the checks and balances and occupy active roles in the execution therein. Carrying out these active roles will necessarily lead to regular interaction with the CEO and others in Senior Management as well as with a Bank's internal and external auditors.

The Corporate Governance System provides therefore the measures necessary to ensure that neither the Chairman of the Board of Directors nor the Chief Executive Officer have a decision-making power that is not subject to appropriate checks and balances, as well as the measures to ensure that both are under the effective supervision of the Board of Directors. The Board of Directors may not delegate to the Chairman all powers of the Board of Directors in an absolute manner. Powers are also not granted in an absolute manner to the different committees of the Board.

Furthermore, the corporate and governance structure of the CBD Group is also designed such that management power is not centralized within a single governance body or a single person, but rather is decentralized.

The effective application of this system of checks and balances is verified on an annual basis as part of the evaluation of the operation of the Board of Directors.

Section 11. Advisors to the Board

The Board of Directors or its committees, upon a decision issued by the majority of the attending members, may appoint external advisors to the Board or seek independent professional advice regarding any issues relating to the CBD, taking into consideration the management of conflicts of interest.

The Board or any of its committees may also appoint external board advisors to assist the Board with valuable insights and subject matter expertise independent from the management.

The selection of advisors shall be subject to Annex 24 – CBD's Directors Conflict of Interest Policy and CBD's Vendor Risk Management Policy.

Section 12. Limitation of Directorship in Other Organizations

As per the CBUAE's Corporate Governance Regulation for Banks, the Board of Directors shall adhere to the following:

1. CBD's Board Members may not hold board memberships in any other Bank in the UAE.
2. CBD's Board Member may hold board membership in up to four Banks outside the UAE.
3. CBD's Board Member shall obtain permission from the CBD's Board before accepting the nomination to serve on a Board in any other entity, taking into consideration the management of conflicts of interest.

In addition, CBD's Board Members shall provide the quarterly declaration of Directorship and disclose the directorship in other companies.

In case of any change in directorship, the Board Member shall immediately notify the Board Secretary. Change in directorship may include, but not be limited to the following:

1. Resignation/ dismissal/ non-renewal of the Directorship.
2. Renewal of Directorship for another term.
3. Appointment or change as chair or vice-chair of Board or any of its committee.



4. Appointment or change as a member of Board Committee.

Section 13. Approval of Policies

The Board has responsibility for the approval of critical policies and has delegated the approval of other policies and all procedures to the Board Committees and/ or Management.

Please refer to the Policy and Procedure DoA for details on each policy.

Section 14. Culture Oversight

The Board of Directors of CBD shall monitor the overall culture of the CBD quarterly as part of the agenda of the Board meetings, to ensure adequate oversight of the culture to understand how the Bank's culture differs from the desired culture and the need to shift accordingly to align with its values and strategy.



Chapter 4 Committees of the Board of Directors

The Board of Directors is empowered as documented in its Articles of Association and the Governance Regulations to delegate some of its powers, authorities and discretions to any committee or committees as it thinks fit. The Board has to define the roles and objectives of each of the Board Committees, and provide specific levels of discretion within which they can operate. Each committee, once formed, shall be accountable to the Board for all of its activities. However, the Board retains final accountability for the activities, functions and powers delegated to the committees.

The committees shall submit to the Board the minutes of proceedings of their meetings, which shall be tabled and noted at the next meeting of the Board.

Each of the Board Committee's terms of reference is approved by the Board and outlines authority, responsibilities, meeting frequency and practices, reporting and self-evaluation. The committees are required to meet as frequently as deemed necessary to fulfill their objectives and to allow sufficient time for discussions, presentations, deliberations, and decisions for recommendations to be clearly formulated.

The Board of Directors of the Bank has established five committees being: the Audit Committee, the Risk and Compliance Committee, the Remuneration, Nomination and Governance Committee, the Strategy Committee, and the Credit and Investment Committee.

The Board of Directors or a committee can also establish special ad hoc committees as and when required for specific subjects.

The composition of the committees will be reviewed by the Remuneration, Nomination and Governance Committee as and when necessary to ensure the balance of specialist skills, independence, experience and efficiency and effectiveness in accordance with the Governance Regulations and submit its recommendations to the Board of Directors. The Board shall ensure the proper composition of the committees, and the qualifications and competencies of the committees' members.

The terms of reference of each of the Board Committees are set out in Annex 9.



Chapter 5 Board Secretary

The Bank should as per the Governance Regulations appoint a Board Secretary who should not be one of the directors and be independent from the Management. The decision to appoint or remove the company secretary is a Board decision, which could be delegated to a Committee of the Board.

The Board must specify the qualifications and criteria that the secretary must possess, including holding a university degree, competency, and experience in preparing board files and follow-up reports.

The Board Secretary may be dismissed only by a resolution of the Board of Directors and subject to notification to authorities.

Holding a unique position between the board, the management team and the shareholders, the Board Secretary must make sure all these voices come together in the boardroom and beyond. The Board Secretary must bring clarity, simplicity and transparency to the board agenda, communications and reporting. It's the responsibility of the Board Secretary to ensure that regulatory changes and the complexity of strategy discussions are handled in a timely, efficient and transparent manner, and that all stakeholders are not only aware of what's going on, but also that all filings and deadlines are met efficiently.

The Board should ensure that the office of the Board Secretary is empowered and that the position carries the necessary authority. Board Secretary reports to the Board via the Chairman regarding the company secretary's statutory and corporate governance duties, and reports on other and administrative duties to the Chief Executive Officer. The Board should evaluate the performance and independence of the Board Secretary annually.

The Board Secretary provides a central source of guidance and support to the Board and within the Bank on matters of good governance and changes in legislation. The Board is aware of the duties of the Board Secretary and empowers him or her to fulfil those duties. As gatekeeper of good governance, the Board Secretary maintains an arm's length relationship with the Board and its directors as far as is reasonably possible.

The Board Secretary is not a director of the Bank and has a direct channel of communication to the Chairman. In addition to the classic company secretary role, the Board Secretary is accountable to the Board to:

- Ensure that Board procedures are followed and reviewed regularly;
- Ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- Maintain statutory records in accordance with legal requirements;
- Provide the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Bank and in line with good governance;
- Keep abreast of, and inform the Board of, current corporate governance thinking and practice;
- Assist the Remuneration, Nomination and Governance Committee with the appointment of directors;
- Assist with director induction and training programmes;
- Ensure that the Corporate Governance System and all its annexes are kept up-to-date;



- Ensure the presentation of Higher Shari'ah Authority "HAS" circulars to the Board of Directors and provide Sharia Control teams with extract of minutes reflecting same; and
- Assist with the evaluation of the Board, Board Committees and individual directors.
- Coordinating between members of the Board of Directors and executives and board committees.
- Verify the non-attendance or non-participation or voting in a board meeting, unless the board decides otherwise, and check their non-signature on any resolution related to a transaction in which the member has a vested interest.



Chapter 6 Senior Management

Section 1. Introduction

The Board of Directors must ensure that the Bank has a clearly defined organization structure and decision-making process with authorities delegated by the Board to Senior Management.

Under the direction and oversight of the Board, Senior Management must carry out and manage the Bank's activities in a manner consistent with the business strategy, risk appetite, compensation and other policies approved by the Board. Furthermore, Senior Management must provide the Board with the information it requires to carry out its responsibilities, including the supervision and assessment of the performance of Senior Management.

Senior management is responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank. The organization, procedures and decision-making of Senior Management must be transparent and provide clarity on the role, authority and responsibility of the various positions within Senior Management.

Consistent with the direction given by the Board, Senior Management must implement business strategies, risk management systems, processes and controls for managing the risks to which the Bank is exposed. This includes comprehensive and independent risk management, compliance and audit functions as well as an effective overall system of internal controls. CEO must recognize and respect the independent duties of the risk management, compliance and internal audit functions and must not interfere with their exercise of such duties.

Senior Management must provide oversight of those they manage, and ensure that the Bank's activities are consistent with the business strategy, risk appetite and the policies approved by the Board. Senior Management is responsible for delegating duties to staff and must establish a management structure that promotes accountability and transparency throughout the Bank.

There is a clear division of responsibilities between the roles of the Chairman of the Board and the CEO to ensure effective separation of the roles of the Board on one hand and management on the other hand.

In this respect there are two overarching governance roles:

- The oversight of the Bank and its activities by the Board versus; and
- The day-to-day management of the Bank and its activities by the CEO and by the Senior Management team that reports to the CEO.

Section 2. Information to the Board

Practical behaviors must balance the Board members' knowledge and accountability and management's operational autonomy.

The guiding principle is that Board members have no individual power to tell staff what to do, including the CEO. The power comes from the collective nature of the Board as a whole, not individual member.

Direct communication between Board members and management outside of Board or committee meetings must always be through the Board Secretary. A Board member wishing to engage individually with any member of the management team must inform the Board Secretary, who will then get the CEO's consent prior to contact/meeting.



The Board member must inform the Board Secretary of the meeting date, who will then inform the CEO, and the CEO can elect to participate in the discussion.

Individual, direct engagement of Board members with managers should be with the sole purpose to understand the business and/or the manager's capabilities and assess those, not to decide and direct.

The CEO must raise deviations from the above principles with the Chairman who is in charge of realigning behavior with sound practice.

Senior Management must provide the Board with comprehensive and timely reporting to enable it to effectively discharge its responsibilities, including the oversight of Senior Management. Information senior management must regularly provide to the Board includes, but is not limited to:

1. Performance relative to the Bank's strategy and risk appetite;
2. Performance against budget and other financial targets, and the financial condition of the Bank;
3. Breaches of risk limits or compliance rules categorized by frequency, scope and impact;
4. Internal control failures;
5. Legal or regulatory concerns;
6. Issues raised as a result of the Bank's whistleblowing procedures; and
7. Breaches of Shari'ah rules and principles in providing Islamic Banking services.

Section 3. Selection and appointment of members of the Senior Management

The Board has a clear and rigorous process for identifying and selecting candidates for the Senior Management of the Bank, and if applicable, Group. This includes a fit and proper test.

Prior to the appointment of candidates for Senior Management, the no-objection of the Central Bank must be obtained. The management positions subject to this requirement are:

- Chief Executive Officer;
- Chief Financial Officer;
- Chief Risk Officer;
- Chief Compliance Officer; and
- Chief Internal Auditor.

The Bank must immediately notify the Central Bank if it becomes aware of any material information that may negatively affect the fitness and probity of a member of Senior Management.

The Remuneration, Nomination and Governance Committee reviews the Executive Selection Policy which should be approved by the Board based on the recommendation of the committee.

The Executive Selection Policy is set out in Annex 6.

Section 4. Qualifications and Functions

Senior Management must fulfil high standards regarding professional knowledge and expertise and personal qualifications. Senior Management should at all times apply high ethical standards. All members of Senior Management have to respect the division of power and responsibilities between the strategy (a function delegated to the Board) and execution (a function delegated to Senior Management) within CBD Group. All members of Senior Management should be aware of their role regarding the corporate



governance and understand their role in implementing the regulatory requirements and the Board's instructions in the best interest of CBD Group.

Among the responsibilities of Senior Management are the following:

1. Carrying out the operative business of the Group;
2. Prepare an organizational structure which should be approved by the Board allocating duties, responsibilities, authorities and reporting lines for the operations of the business;
3. Implementation of relevant regulations and instructions of the Board to the best of its ability and best interest of the CBD Group;
4. Provide appropriate procedures for identifying, measuring, evaluating and managing the risks faced by CBD Group;
5. Provide appropriate procedures for ensuring that the requirements of the compliance function are fully met;
6. Provide appropriate procedures based on instructions of the Board in order to ensure that internal controls are complete and work efficiently and effectively, and review the adequacy of internal controls regularly;
7. Keep proper records of all relevant procedures;
8. Establish management information system which comprises reporting on the business activities and any findings from internal controls regularly to the Board and management.

Section 5. Responsibilities and Organization

Senior Management is responsible for the proper execution of the business. They are responsible for the relevance, integrity, completeness and timely submission of information regarding the operational businesses to the Board.

Senior Management will ensure that sufficient information on the operations of CBD Group and financial instructions are furnished to all members of the Board, in order to enable them to discharge their functions effectively.

Senior Management is responsible to the Board for documenting the following:

1. Strategy of the Group;
2. Annual budget and business plans;
3. Risk policies and the enactment of a directive defining tasks, responsibilities and reporting lines of the risk function;
4. Regular assessment of the risk function and controls;
5. Internal control systems; and
6. The scope and periodicity of financial reporting.

Senior Management ensures that controlling activities are an integral part of all business procedures. This includes controlling deviation from targets and goals in processes and results and taking corrective actions if needed, as well as the review of the conduct of individuals and organizational units.

The means of control are as follows:



1. Activity controls which allow the different levels of management to monitor business performance and risk behavior;
2. The use of physical controls, as the double-checking principle, segregation of duties or restricting access wherever it seems appropriate;
3. Setting up and monitoring limits for different kinds of activities, e.g., credit or foreign exchange limits; and
4. Setting up and monitoring a system of authorities.

CBD Group will adopt internal control systems as approved by the Board: to evaluate the methods and procedures for risk management, the implementation of the CBD Group corporate governance manual and to ensure compliance with related laws and regulations.

The internal control systems shall set clear lines of responsibility and accountability throughout CBD Group. Internal control systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit and compliance review functions. The Internal control systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto.

Section 6. Compensation

The Bank's Reward Policy is revised to motivate, reward, protect and recruit the human sources required to contribute to the robust and efficient risk management for the sustainability of the Bank's success in a transparent, fair and explicit manner.

In line with CBD's commitment to sound governance and promotion of long-term sustainable shareholder value, CBD's objective is to provide transparency to shareholders and other stakeholders about its remuneration principles and incentives.

The Bank's reward policy fully complies with the Governance Regulations as there are:

1. Compensation of staff in the control functions of risk management, compliance and internal audit must be determined independently of the performance of the Bank.
2. For Senior Management and material risk takers a substantial proportion of the total compensation must be variable and performance-based. In addition, the remuneration framework must provide for tools for adjusting variable remuneration in order to take into account the full range of risks, including breaches of risk appetite limits and non-compliance with internal procedures or legal and regulatory requirements.
3. Compensation outcomes must be symmetric with risk outcomes. Compensation payout schedules must be sensitive to the time horizon of risks through arrangements that defer a sufficiently large portion of the compensation until risk outcomes become better known. Provisions must be included so that compensation can be reduced or reversed based on realized risks, or violations of law, regulations, and codes of conduct or other policies, before compensation vests.
4. The individual bonus to Senior Management and material risk takers must not exceed 100% of the fixed proportion of his/her total compensation. A higher bonus of up to 200% would require approval by the Annual General Assembly of the Bank.
5. Bank must define the staff bonus pool(s) annually and calculate the total Bank-wide bonus pool as a sum of these bonus pools. If the total Bank-wide annual bonus for Senior Management and the rest of the staff exceeds 5% of the Bank's net profit after deducting all the depreciation and reserves, it would require approval by the Annual General Assembly of the Bank before disbursement, along



with an attestation signed by all members of the Board that the Bank has complied with all the Governance Regulations issued by the Central Bank within the compensation year.

6. The Corporate Governance Statement shall include the details on the individual compensation of the key members of senior management.

The Bank's Reward Policy is set out in Annex 17.

The Executive Remuneration Policy is set out in Annex 15.

Section 7. Management Committees

Management Committees are established for the purpose of recommending, deciding, approving and/or monitoring key topics in their respective areas of specialization. Equally importantly, they provide a platform for discussion between the Senior Management team on important business and control areas for the Bank.

Management Committees shall be endowed with full executive powers to take into force decisions and actions related to their field, scope, and structured hierarchy.

Certain day-to-day activities of the Bank have been delegated by the Board to the Senior Management through the Executive Committee (the "EXCO").

The EXCO is composed of key members of the Senior Management, whose appointments to the EXCO are approved by the CEO. The responsibilities of the EXCO include:

- Assessing and recommending the annual review plan and strategy and schedule of activities of the Bank;
- Reviewing the financial performance of the Bank and its businesses and functions;
- Reviewing management reports on business operations and preparing recommendations for improvement;
- Reviewing and recommending on acquisitions, divestitures, and joint ventures;
- Reviewing and recommending on the opening and closing of new branches;
- Overseeing the Bank's capital raising program, as approved by the Board of Directors; and
- Discussing and debating any other business matters deemed to be submitted in EXCO.

Any communications between the Committee members during the EXCO will be considered privileged communications by the Bank, and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Other management committees include:

1. Asset and Liability Committee ("ALCO")

The objective of the ALCO is to drive the safeguard the long-term profitability of the Group through managing the mix of assets and liabilities given its expectations of the future and the potential consequences of interest rate movements, liquidity constraints, and foreign exchange exposure and capital adequacy. The ALCO is also responsible to ensure that all strategies conform to the Group's risk appetite and levels of exposure as determined by the Board.



2. Credit Committee ("CC")

The CC manages the credit risk of CBD by review and approve or recommend individual customer proposals that involve the taking any credit risk by CBD in line with the specific authorities delegated by The Board Credit and Investment Committee.

3. Project Investment Committee ("PIC")

The PIC reviews and approves investment projects for CBD and provides guidance for CBD's long term and short term goals in the areas of strategic project investment. The PIC governs all projects of CBD including but not limited to those which have a direct or an indirect dependency on IT. The PIC is also responsible for reviewing key aspects including the investment slate, project performance, project financials, business case approvals and project delivery.

4. Risk Management and Compliance Committee ("RMCC")

The purpose of RMCC is to manage all risks facing the Bank that have the potential to materially impact the Bank's financial performance/profitability and/or the sustainability of its business operations. In addition, RMCC ensures compliance with regulatory requirements specified by regulators applicable to CBD. The Committee shall provide a robust and consistent framework for the timely identification, analysis, mitigation and management of material risks. It oversees the implementation of the policies and procedures, process and framework related to all risks and maintains oversight of the risks across the Bank by relevant units.

Separate working groups or ad-hoc committees are established by EXCO on an "as required" basis.

All management committees report to the CEO. The CEO has full authority to review and reorganize the composition and terms of reference of the management committees and other working groups.

Terms of Reference of Management Committees are attached as the Annex 10

Section 8. Limitation of Employment/ Directorship in Other Organization

As per the CBUAE's Corporate Governance Regulation for Banks, the member of senior management shall adhere to the following:

1. CBD's member of Senior Management may not hold a Staff position in any other entity, either inside nor outside the banking Group.
2. CBD's members of Senior Management may hold memberships in the Board of up to two (2) non-Bank entities outside the Banking Group.
3. CBD's members of the Senior Management, with the exception of Chief Risk Officers and Heads of the Compliance and Internal Audit functions, may hold memberships in the Boards of entities inside the Banking Group.
4. Senior management to obtain permission from the CBD's Board before accepting the nomination to serve on a Board in any other entity.

In addition, CBD's members of senior management shall provide the quarterly declaration of Directorship and disclose the directorship in other companies.

In case of any change in directorship, the member of senior management shall immediately notify the Board Secretary for updating the CBD's record. Change in directorship may include, but not be limited to the following:



1. Resignation/ dismissal/ non-renewal of the Directorship.
2. Renewal of Directorship for another term.
3. Appointment or change as chair or vice-chair of the Board or any of its committees.
4. Appointment or change as a member of the Board Committee.



Chapter 7 Risk Management and Internal Controls

Section 1. Board Responsibility

The Bank shall ensure that an agreed multi-year strategy is in place. This strategy is essential to having a common understanding of the current state of the business, where it is heading and what resources the Bank needs to deploy, to achieve its vision, objectives and ambitions. Having a strategy enables clarity, focus and direction. It also allows alignment of efforts by all internal stakeholders to achieve long-term goals. The Board has the responsibility to ensure that management is aligned with the strategy and that it executes the strategy as approved.

The Board recognizes that a sound system of internal control and risk management practices is essential in ensuring good corporate governance. Such a system is designed to manage an acceptable risk profile rather than eliminate the risk of failure to achieve the business objectives of the CBD Group and can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

As per the Governance Regulations, the members of the Board are responsible for the implementation of an effective risk management culture and internal controls across the Bank and its subsidiaries and affiliates. In order to promote a sound corporate culture, members of the Board must establish the “tone from the top” by:

- a. Setting and adhering to corporate values that create expectations that all business must be conducted in a legal and ethical manner, and overseeing the adherence to such values by senior management and other employees;
- b. Promoting risk awareness within a strong risk culture, conveying the Board’s expectation that it does not support excessive risk-taking and that all employees are responsible for ensuring the Bank operates within the established risk appetite and risk limits;
- c. Confirming that appropriate steps have been taken to communicate throughout the Bank the corporate values, professional standards and codes of conduct approved by the Board, together with supporting policies; and
- d. Confirming that employees, including senior management, are aware that appropriate disciplinary or other actions will follow unacceptable behaviors and transgressions.

Furthermore, the Board approved risk governance framework must incorporate a “three lines of defense” approach including senior management of the business lines, the functions of risk management and compliance, and an independent and effective internal audit function and internal Shari’ah supervision committee.

It is the responsibility of Bank's Board of Directors to:

- a. Ensure that effective measures are in place to safeguard the Bank's assets;
- b. Ensure proper accounting records and reliable financial information by ensuring procedures are in place designed to manage risks and ensure compliance with applicable laws and regulations;
- c. Ensure that an adequate and effective system of internal controls and procedures is established and maintained; and
- d. Evaluate the effectiveness of the Bank's internal control system, identifying control objectives, reviewing significant control policies and establishing relevant control procedures.

At the Board level, the following committees carry out the internal control oversight responsibilities:



- Audit Committee, and
- Risk and Compliance Committee.

Section 2. The Internal Control Departments

The internal control departments of the Bank are independent of the business and the units which they monitor and control and they are, also, independent from each other. The purpose, standing and authority of each internal control department is approved and periodically reviewed by the Board of Directors of the Bank. Their aim is to ensure that the Bank is operating in full compliance with its banking license and the regulatory framework governing the operations of the Bank.

The internal control departments are:

- a. The Risk Management Department,
- b. The Compliance Department,
- c. The Internal Audit Department, and
- d. The Shari'ah Audit Department.

The internal control departments report their findings and assessments to the Board of Directors through the relevant Board of Directors Committees.

Section 2.1. The Risk Management Department

The key objective of risk management at CBD is to make sure that all risks are managed in the best possible way for the protection of the interests of all stakeholders. CBD operates through a comprehensive risk management framework to ensure the risks are identified, well understood, accurately measured, controlled and pro-actively managed at all levels of the organization so that the Bank's financial strength is safeguarded.

CBD has an adequate system infrastructure, methods and measures to ensure the identification, assessment, control and monitoring of risks and as well as the calculation of the necessary capital to cover the risks assumed. The Board of Directors exercises its oversight of the Bank's risk management principally through the Risk and Compliance Committee. The Risk and Compliance Committee assists the Board of Directors on matters related to risk governance, risk policies and risk appetite setting.

The Risk Management Department (RMD) is an independent department within the Bank. On a quarterly basis, RMD reports on the Bank's risk profile versus its risk appetite to the Board of Directors through the Risk and Compliance Committee, explaining changes to the risk profile. The main responsibilities of RMD are the following:

- Assurance that all material risks are identified, measured and properly reported;
- Participation in elaborating the Bank's risk strategy, risk appetite framework and risk limits;
- Independent on-going assessment of risk-bearing activities;
- Responsibilities for the proper planning, development and monitoring of, and reporting on, the risk management framework;
- Examination of all dimensions of the risks the Bank is facing including non-financial risks such as legal and reputational risks;
- Independent assessment of a breach or violation of approved risk limits;



- Participation in the process of approving entering new markets, launching new products and services and significant changes to existing ones;
- Responsibilities for developing, overseeing and maintaining policies for Information Security; and
- Monitoring Operational Risk by maintaining records for operational loss events and reviewing Key Risk Indicators.

Section 2.2. The Compliance Department

The Compliance department aims to promote and sustain a corporate culture of compliance and integrity within CBD and to assist the Board of Directors in developing and implementing an effective compliance framework for the prompt and ongoing compliance of the Bank with its legal, regulatory and business obligations.

The Compliance Department is independent and reports to the CEO and has direct access to the Board of Directors through the Board Risk and Compliance Committee.

The main responsibilities of Compliance department are the following:

- Compliance of the Bank's activities with the regulatory framework and banking business practice;
- Communication to the various units/ department/ branches of the Bank those parts of the regulatory framework which affect their areas of operations;
- Efficient management of compliance risks, including consolidated analysis of risks, acceptable level of such risks and measures for the timely identification, assessment, control and monitoring of such risks for the purpose of their mitigation;
- Ensure compliance with all laws and regulations related to sanctions and prevention of money laundering and terrorist financing;
- Ensure that all obligations and reporting of the Bank and its subsidiaries emanating from the regulatory framework are carried out within the deadlines allowed; and
- Advise and respond to queries on compliance issues from the Bank's employees.

Section 2.3. Internal Audit Department

The Internal Audit Department (IAD) is an independent unit that supports the Board of Directors in maintaining efficient and effective Bank operations by monitoring the internal control environment and systems, carrying out audits and providing recommendations for improvement of the Bank's internal control framework.

The IAD reports to the Board of Directors through the Audit Committee. The main responsibilities of IAD are the following:

- Providing independent assurance to the Board of Directors of the Bank in respect of matters such as the appropriateness, adequacy and effectiveness of the governance framework; the reliability, integrity and completeness of the accounting, financial reporting and management information and information technology systems as well as the design and operational effectiveness of the Bank's individual controls and internal control departments in respect of the above matters;
- Performing audit assignments in accordance with the annual audit plan and monitoring the implementation of any recommended actions; and

- Reporting to the Board of Directors through the Audit Committee, at least on a quarterly basis, all major observations emanating from the audits carried out as well as recommendations for addressing any weaknesses identified.

In all cases, the IAD is responsible for ensuring that all transactions undertaken by the Bank are conducted in accordance with the Bank's internal procedures, and in compliance with applicable legal and regulatory requirements, thereby minimizing the risk of fraudulent, improper or illegal practices. In carrying out its audit activities and responsibilities, members of the IAD must have unrestricted access to all of the Bank's records (either manual or electronic), assets, physical properties and personnel, relevant to the audit without any kind of restriction.

IAD conducts audits on all of the Bank's units but the frequency of such audits is based on the inherent risk of that unit and its related control risk evaluation. The Audit Committee approves each year the annual audit plan. The IAD is led by the Chief Internal Auditor who functionally reports to the Audit Committee and to the Chief Executive Officer on administrative and day-to-day matters.

Section 2.4. The Shari'ah Audit Department

Similar to the Group as a whole, a three lines of defense model has been adopted to ensure effective internal Shari'ah controls. These comprise of:

- The first line of defense, represented by the business line, which should set clear policies, procedures, and controls approved by Internal Shari'ah Supervision Committee (ISSC), and execute the business activities in a manner compliant with Islamic Shari'ah at all times;
- The second line of defense, represented by the internal Shari'ah control division or department, which undertakes the functions prescribed in the Governance Regulations, and it should not be organizationally part of any business division or reporting to it; and
- The third line of defense represented by the internal Shari'ah audit division or department, which undertakes Shari'ah audit and monitors compliance, and it should not be organizationally part of any business division or reporting to it.

In line with the Governance Regulations, CBD established a business-independent Shari'ah audit function.

The internal Shari'ah Audit Department undertakes Shari'ah audits and monitors the Bank's compliance with Islamic Shari'ah. This is conducted through an annual plan to collect and assess evidence of Bank's activities and transactions to ensure their compliance with Islamic Shari'ah and ensure the adequacy of internal procedures and Shari'ah governance frameworks.

The head of Internal Shari'ah Department shall report to the Board through the Audit Committee and shall submit the reports to the ISSC for resolutions on Shari'ah matters mentioned in his/her reports. He/she shall then report with the ISSC resolutions to the Board's Audit Committee for the implementation of their content and follow-up of their requirements.

Section 3. Risk Management Framework

Risk management is considered an integral part of CBD Group's day-to-day operations to facilitate CBD in achieving its objectives as well as to protect its shareholders and stakeholders' interests.

The Bank's risk governance framework must incorporate the minimum requirements specified in the separate regulations and standards issued by UAE CB on risk management, internal control, compliance and internal audit and outsourcing.

The Bank recognizes that risk is an inherent part of its activities, and that Banking is essentially a business of managing risks. The Bank views risk management as a value proposition imbued with the mission of achieving sustainable growth in profitability and shareholder value through an optimum balance of risk and return.

The risk management infrastructure of the Bank follows a top-down approach, whereby the Board takes ultimate accountability for the risks taken, the tolerance for these risks, business strategies, operating budget, policies, and overall risk philosophy.

The Board and Senior Management shall know and understand the Bank's operational structure and the risks that it poses.

The Bank shall have a risk management function (including a chief risk officer) with sufficient authority, stature, independence, resources and access to the Board.

The Risk Department shall implement the risk management process, and additionally consolidate the risk MIS from the various units for a unified risk profile and eventual disposition.

Risks shall be identified and monitored on an ongoing firm-wide and individual unit basis, and the sophistication of the Bank's risk management and internal control infrastructures shall keep pace with any changes to the Bank's risk profile (including its growth), and to the external risk landscape.

The risk process adopted by the Bank is not designed to eliminate risks, but rather to mitigate and manage them so as to arrive at an optimum risk-reward mix.

The Bank monitors risk levels to ensure timely review of risk positions and exceptions versus established limits and to ensure the effectiveness of risk controls using appropriate monitoring systems.

The Bank has an effective risk management that robust internal communication within the bank about risk, both across the organization and through reporting to the Board and Senior Management.

The Chief Risk Officer (CRO), shall be the ultimate champion of risk management and has adequate authority, stature, resources and support to fulfil his/her responsibilities, subject to the Bank's size, risk profile and complexity of operations. The CRO has the following functions, among others:

- Supervise the entire risk management process and spearhead the development, implementation, maintenance and continuous improvement of such process and documentation;
- Communicate the top risks and status of implementation of risk management strategies and action plans to the Board Risk and Compliance Committee (BRCC);
- Collaborate with the CEO in updating and making recommendations to the BRCC;
- Suggest risk management policies and related guidance, as may be needed; and
- Provide insights that risk management processes are performing as intended, risk measures reported are continuously reviewed by risk owners for effectiveness; and established risk policies and procedures are being complied with.

Section 4. Internal Control over Financial Reporting

The Bank's internal controls over financial reporting comprise processes designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles.

The Board Audit Committee oversees the financial reporting process and the establishment or amendment of significant accounting policies and practices. The Bank complies with the Financial



Reporting and External Audit Regulation as issued by the Central Bank's Circular No.162/2018 dated 29 August 2018 and the accompanying standards and especially its article (2) on Financial Reporting.

The Bank's internal control system has been designed to provide reasonable assurance to the Bank's Board of Directors and shareholders. All internal control systems, no matter how well designed, have inherent limitations and they may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Bank's internal controls over financial reporting include policies and procedures that:

- a. Are designed to ensure maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and
- c. Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements. Internal controls are designed to ensure that adequate independent internal checks and balances exist in keeping with the maker-checker or four-eye principle and that the oversight roles are embedded in areas reporting independently to non-originating areas.

Section 5. External Audit

As per the applicable laws and regulations, an external auditor is appointed annually by shareholders on the recommendation of the Board of Directors based on an assessment and a recommendation made to the Board by the Audit Committee.

The Terms of Reference of the Audit Committee specify the nature and scope of the external auditors' work.

As per the laws and regulations, the Bank must maintain appropriate records, prepare financial statements in accordance with the International Financial Reporting Standards (IFRS) and the instructions of the Central Bank of the UAE, and publish annual financial statements bearing the opinion of an external auditor approved by the Central Bank.

The Bank must comply with the Companies Law, Governance Regulations and specifically the Financial Reporting and External Audit Regulation as issued by the Central Bank's Circular No.162/2018 dated 29 August 2018 and the accompanying standards. In all cases:

- a. No audit firm may be appointed for more than six consecutive years;
- b. No individual audit partner may be responsible for the audit for more than three consecutive years;
- c. The external auditor may not carry out any additional work for the Bank, which is not part of the audit program without the consent of the Audit Committee.

The external auditor attends meetings of the Audit Committee by invitation. The attendance is mandatory when the annual and quarterly reports are discussed. The external auditor's presence is also mandatory for the Board's meeting approving the annual financial results. The Audit Committee is empowered to meet separately with the Bank's external auditors in the absence of members of the Senior Management.

The external auditor is accountable to the shareholders and owes a duty to CBD Group to exercise due professional care in the conduct of the audit. The external auditor is also responsible for notifying the UAE



CB of any violation of UAE CB instructions, or any other regulations, or contradiction with International Accounting Standards, or any significant development on any item of the Financial Statements.

Policy on Relationship with External Auditors is available in the Annex 13

Section 6. External Audit by the Government of Dubai

As a Bank partially owned by the Government of Dubai, CBD is subject to audits by the Financial Audit Authority of the Government of Dubai established by Law No.4 of 2018 ("FAA Law") as amended from time to time.



Chapter 8 Major Acquisition

Section 1. Major Acquisition

An acquisition or investment by CBD (where assets are being acquired, including shares but not including debt (except convertible debt), the aggregate amount (in one juridical person) of which exceeds 5% of total regulatory capital, or which is deemed in advance by the Central Bank to be a major acquisition.

CBD shall ensure that at all times it does not hold shares (and convertible debt) in commercial companies beyond a limit of 10% of their total regulatory capital.

This chapter does not apply to the purchase of a Subsidiary or Affiliate. CBD shall seek Central Bank approval separately for any purchases of a commercial entity's shares which would result in that commercial entity becoming a Subsidiary or Affiliate of CBD.

Section 2. Board Responsibility

The Board shall approve all major acquisitions by the Bank. The elements of the review by the Board, of a major acquisition shall include, but are not limited to the assessment of the following:

- a. Risks and impacts on the Bank's capital, income, liquidity, overall financial position, and compliance with prudential requirements under a variety of scenarios, particularly with more pessimistic assumptions than in the baseline case.
- b. Risks and impacts on existing customer exposures, documentation, and services.
- c. The extent to which the Bank's business lines, risk management, legal and regulatory compliance, and information technology functions have the necessary expertise, systems, and other tools to measure and manage the associated risks.

Section 3. Approval of Major Acquisitions

The Bank shall obtain written approval from the Central Bank prior to completing a major acquisition.

An application for the Central Bank's approval shall provide at a minimum:

- a. A detailed description and analysis of the proposed major acquisition including the consideration and value received, funding, and projected impact on the financial position, income statement, and prudential requirements;
- b. Projected impact on the Bank, and if applicable group business model, pro-forma statements of the combined entity, the potential impact on market share and competitive dynamics, customer access, product and services, risk profile, governance (including reporting lines), risk management, internal controls, internal audit, information systems, and human resources;
- c. Due diligence report and other relevant documents, including those provided to the Board as part of the Bank's internal approval process, The Bank should consider obtaining Central Bank no objection before entering the due diligence process;
- d. The valuation methodology used to price the major acquisition;
- e. An explanation of how the major acquisition transaction meets the assessment criteria set out in Article 5 of Major Acquisition Regulation (Section 4 of this chapter); and
- f. Any other information necessary to enable the Central Bank to reach an informed decision on the merits of the application.



Section 4. Assessment Criteria

- a. **Major Acquisition by CBD:** CBD shall demonstrate to the satisfaction of the Central Bank that the proposed major acquisition would not expose the Bank to undue (prudential and/or consumer protection) risks, hinder effective supervision, or the implementation of corrective measures in the future, including an orderly resolution of the Bank, and that the Bank has adequate financial, managerial and organizational resources for the transaction.
- b. **Major Acquisition by Subsidiary or Affiliate of CBD:** CBD shall demonstrate to the satisfaction of the Central Bank that it has the ability to manage any risks arising from the proposed major acquisition and that it would not expose the Bank to undue risk, hinder effective supervision, or the implementation of corrective measures in the future, including an orderly resolution of the Bank.
- c. **Major Acquisition outside the UAE:** CBD shall undertake enhanced due diligence which includes detailing of the political, economic, and legal risks of the overseas jurisdiction in question, including country regulations and related authorities' reputation. The due diligence shall also cover the market environment with respect to macroeconomic development, and the subsequent impacts it may have.

Section 5. Notification Acquisition

An acquisition or investment by CBD (where assets are being acquired, including shares but not including debt), the amount of which does not meet the criteria for a major acquisition, but which does exceed 1% of total regulatory capital.

In such acquisitions, CBD shall make a written notification to the Central Bank, detailing any acquisition which meets the definition of a notification acquisition within thirty (30) days after the transaction has been made. At a minimum, the notification shall cover, a description of the transaction, the rationale, details of the approval authority within the bank, and the calculation of the percentage of total regulatory capital based on the most recent audited financial statements.

Section 6. Islamic Banking Products

For Islamic products and services, CBD shall ensure that major transactions which fall under the scope of this chapter are performed in accordance with the principles of Islamic Shari'ah and any relevant higher Shari'ah Authority resolutions/ fatwas.



Chapter 9 Related Party Transactions

The Board of Directors recognizes that transactions between and among related parties may create financial, commercial and economic benefits to individuals, institutions and the entire group. They can present potential or actual conflicts of interest and may raise questions on the consistency of such transactions with the best interest of the Bank and its stakeholders.

In this regard, as required by existing regulations for related party transactions ("RPT"), the Bank, its Board, Senior Management, all officers and staff including those of its subsidiaries and affiliates shall ensure that RPTs are done on an arm's length basis and that the appropriate oversight and control for the management of exposures are in place.

Therefore, the Bank's Board of Directors, Management, officers and staff, including concerned personnel in the subsidiaries and affiliates are mandated to comply with regulations and the Related Party Transaction Policy and shall not allow RPTs that may lead to abuses or may cause disadvantages to the Bank, its depositors, creditors, clients, and other stakeholders.

Related Party Transactions Policy is set out in Annex 18



Chapter 10 Shari'ah Governance Framework

As a bank offering Islamic Shari'ah complaint products and services through its window "CBD Al Islami", the Board of Commercial Bank of Dubai recognizes that Shari'ah governance is integral to Islamic financial system stability. Therefore, the institutionalization of a sound Shari'ah governance framework strengthens public confidence in the integrity, management and business operations of CBD Al Islami.

The Bank established a Shari'ah governance framework that includes the Shari'ah Governance Policy. The requirements in the Shari'ah governance framework outline the Bank's strengthened expectations for effective Shari'ah governance arrangements that are well integrated with business and risk strategies of the Bank. This augurs well with the growing scale and complexity of Islamic financial business, and recent policy developments in the areas of governance, compliance and risk management.

Specifically, the Sharia' Governance Framework document sets out strengthened oversight accountabilities on the board, Shari'ah committee and other key organs involved in the implementation of Shari'ah governance. Another area relates to Shari'ah committee's objectivity to reinforce sound decision-making process and robustness of internal control functions for effective management of Shari'ah non-compliance risks.

Accordingly, the Bank should demonstrate that its Shari'ah governance arrangements are operating effectively and appropriate to the size, nature of business, complexity of activities and structure of CBD Al Islami. The Bank also should have evidence of better alignment in promoting a strong Shari'ah compliance risk culture within the Bank. This is in line with the more active roles expected of the Board, Shari'ah committee and senior management.

The Shari'ah Governance Framework ensures the Bank's resilience, effectiveness, efficiency and promote general financial stability. It should incorporate the three lines of defense approach comprising the business line, the support and control functions, and internal Shari'ah audit function.

It should outline the structure, roles, responsibilities, accountability, scope and duties of different functions such as General Assembly of Shareholders, Board of Directors, Senior Management of the Bank, Members of the Internal Shari'ah Supervision Committee ("ISSC").

The Shari'ah Governance Framework should be read in conjunction with the policies and procedures of Internal Shari'ah Control Department ("ISCD"), Internal Shari'ah Audit Department ("ISAD") which contain responsibilities of Head of ISCD, Head of ISAD and the employees of the ISCD and ISAD, and reporting lines and communication channels between different functions with regard to the Bank's compliance with the principles of Shari'ah.

The Shari'ah Governance Framework is set out in Annex 19

The Internal Shari'ah Supervision Committee Charter is set out in Annex 20



Chapter 11 Corporate Social Responsibility and Sustainability

Section 1: Corporate Social Responsibility

The Board of Directors has the power to design, assess, and continuously revise the corporate policies, which contain the guidelines governing the conduct of the Bank and further develop the principles reflected in the Vision, Purpose and Values of the Commercial Bank of Dubai and the other rules of the Corporate Governance System.

The Bank's Culture include the Corporate Social Responsibility ("CSR") policy intended to favor a culture of social responsibility within the Bank, which contributes to the sustainable creation of value for society, citizens, customers, shareholders, and the communities in which the Bank does business

Aware of this reality, the Bank contributes to the development of communities with its business activity and its social responsibility strategy, with measures designed to promote education and culture and to protect vulnerable groups, and works to establish firm and permanent bonds, taking into consideration the interests of its workforce, shareholders and the financial community, regulatory bodies, customers, suppliers, the media, society in general, and the environment (the "Stakeholders").

The Corporate Social Responsibility Policy is intended to establish the basic principles and the general framework of activities for the management of corporate social responsibility practices assumed by the Bank and to serve as the basis for integrating social responsibility into the Bank's strategy. The General Corporate Social Responsibility Policy is further developed and supplemented by the Stakeholders Engagement Policy. The corporate website of the Bank is one of the main instruments for channeling its relations with the Stakeholders.

The vision of the Bank is to build on the strength of our franchises, always valuing relationships and exceeding customers' expectations. Our Mission is to be the bank of choice for corporate clients, delivering best in class value propositions to support their related business and personal banking requirements. We are always focused on creating value for our customers, shareholders and the communities we operate in.

We are therefore here to make financial lives better. Better by connecting our customers and clients to the financial solutions they need. Better by connecting across our Bank to deliver those solutions and better by making connections in the communities in which we live and work.

Being a responsible Bank is integral to our success and we are engaged on the issues that matter most to our customers, employees and communities. Our employees are guided by a common set of values that ensure we deliver on our company goals while also helping to address local challenges.

The Stakeholders Engagement Policy is set out in Annex 5

The Corporate Social Responsibility Policy is set out in Annex 14

Section 2: Sustainability

As a set of standards investors use to assess a company's operations and gauge potential investments, environmental, social and governance (or ESG) has been serving as a trusted barometer for sustainability. Sustainability is at the heart of CBD's business strategy and long-term. The Bank is embedding ESG factors into its approaches, operations and systems.

It is required by the Governance Regulations to publish the Sustainability annual report before the Annual General Meeting of shareholders.