

بنك دبي التجاري
Commercial Bank of Dubai



DIRECTORS CONFLICT OF INTEREST POLICY

VERSION 1



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1. Introduction

1.1 Overview

The members of the Board of Directors of Commercial Bank of Dubai (the “Bank”) (defined herein as “Relevant Individuals”) owe fiduciary duties to the Bank. As such, the Relevant Individuals are obliged to act in good faith and in the best interest of the Bank. The aforesaid duties require that at all times, Relevant Individuals ensure that, when exercising their powers and performing their functions, they do so lawfully and in accordance with the purpose for which their powers and functions have been conferred on them.

To the extent that any Relevant Individual exercises his or her powers or performs his or her functions for an ulterior purpose (i.e., for personal gain), such Relevant Individual will have breached his or her fiduciary duties owed to the Bank and could be held personally liable therefore. Any conduct by a Relevant Individual of the aforesaid nature, could not only adversely impact the Relevant Individual, but could (and likely will) damage the reputation of the Bank.

Accordingly, Relevant Individuals are required to:

- i. maintain the highest standard of ethics;
- ii. avoid, to the extent possible, activities that could create conflicts of interest, potential conflicts of interest or appearance of conflicts of interest;
- iii. refrain from accepting appointments in competing institutions unless such appointment is decided by a federal or a local governmental authority;
- iv. at all times, conduct themselves in a manner that enhances and promotes the reputation of the Bank;
- v. not put themselves in a position that could lead to possible or perceived conflicts of interest between his/herself and the Bank; and
- vi. to ensure that his/her interests or those of a Connected Person do not (and are not perceived to) take precedence over the interests of the Bank.

1.2 Purpose

In the Bank’s business, actual or potential conflicts for the members of the Board of Directors as Relevant Individuals may occur from time to time between the interests of the Bank, its customers, Relevant Individuals and/or other stakeholders and as a result, acting in one of those interests may be working against the interests of another.

The Conflicts of Interest Policy (“the Policy”) promotes adherence to applicable laws and regulations and sets out the principles for the identification and appropriate and reasonable management of Conflicts of Interest.

The purpose of this Policy is to inform the Relevant Individuals of their duty to disclose any interests that could or will conflict with those of the Bank and to set out the procedure pursuant to which such disclosure should be made.

Furthermore, this Policy shall be used by Relevant Individuals to avoid: (i) breaching the fiduciary duties they owe to the Bank and; (ii) causing any reputational harm to the Bank that may arise by virtue of that Relevant Individual having breached the aforesaid duties.

1.3 Scope

This Policy is applicable to all the members of the Board of Directors (“Relevant Individuals”). Employees are subject to separate Conflict of Interest Policy maintained and owned by Compliance.

1.4 Definition

Terms	Definitions
Close Financial Relationships	This includes transactions such as cash, securities, loans, waiver of debt, non-cash trades or benefits, or ownership interests between two or more individuals or entities.
Close Personal Relationships	This is a relationship or friendship, association or otherwise which could give rise to or be perceived as giving rise to a real or potential conflict of interest between an employee/Board member and their obligations to the Bank.
Conflicts of Interest	Conflicts of Interest exist where, in the course of the Bank’s business, there is a potential or actual conflict between the interests of the Bank, its customers, Relevant Individuals and/or other stakeholders and as a result, acting in one of those interests may be working against the interests of another.
Conflicts of Interest Register	A register maintained by the Board Secretary, where individually identified Conflicts of Interest are recorded, along with the actions to avoid or manage the Conflicts of Interest.
Connected Person	Legal or natural persons whose relationship with a Relevant Individual may give rise to an actual or potential conflict with the Relevant Individual or whose employment or position might bring potential conflict to the Relevant Individual’s role at the Bank. Examples of a Connected Person include but are not limited to: a) a spouse; b) a dependent child; c) a legal person, trust or partnership which is directly or indirectly controlled by a Relevant Individual or by an individual referred to in point (a) or (b), and which is set up for the benefit of a Relevant Individual, or the economic interests of which are substantially equivalent to those of a Relevant Individual.
Potential Conflict of Interest	A Conflict of Interest that may arise given particular facts and circumstances. This includes perceived Conflict of Interest, being a situation, which may give rise to the perception of a Conflict of Interest even where a Conflict of Interest may not yet in fact exist.
Relevant Individuals	Members of the Board of Directors.
Related Party	The Bank and its controlling shareholders, board members and senior management (and their close relatives) and persons with control, joint control, or significant influence of CBD.

1.5 Reference

This policy should be read in conjunction with the policies below.

S#	References
1	Corporate Governance Manual
2	Non-Executive Directors’ Code of Conduct Policy
3	Related Party Policy



2. Conflict of Interest

The situations in which conflict of interest or potential conflict of interest may arise cannot be exhaustively set out, and prudent judgement is to be applied at all times. For illustration, we describe some possible conflicts of interest situations below:

2.1 Transacting with the Bank

When a Relevant Individual transacts with the Bank directly or indirectly or when a Relevant Individual has a material, direct or indirect, interest in a transaction or contract with the Bank

2.2 Interest of a Relative

When the Bank conducts business with suppliers of goods or services or any other party which is a Connected Person to the Relevant Individual as a principal, officer or representative.

2.3 Gifts

When a Relevant Individual or a Connected Person accepts gifts, payments, services or anything else of more than a token or nominal value from a party with whom the Bank may transact business (including a supplier of goods or services) for the purposes of (or that may be perceived to be for the purposes of) influencing an act or decision of the Board or a Committee.

2.4 Acting for an Improper Purpose

When Relevant Individuals exercise their powers motivated by self-interest or other improper purposes. Relevant Individuals must act solely in the best interest of the Bank.

2.5 Appropriation of Bank Opportunity

When a Relevant Individual diverts to the Relevant Individual's own use, an opportunity or advantage that belongs to the Bank.

2.6 Duty to Disclose Information of Value to the Bank

When Relevant Individuals fail to disclose information that is relevant to a vital aspect of the Bank's affairs.

2.7 Serving on the Board of Other Organizations

A Relevant Individual may be in a position where there is a conflict of "duty and duty". This may arise where the Relevant Individuals serves as a director of two organizations that are competing or transacting with one another. It may also arise where a Relevant Individual has an association or relationship with another entity, for example, if two organizations are both seeking to take advantage of the same opportunity. A Relevant Individual may be in possession of confidential information received in one boardroom or related to the matter that is of importance to a decision being made in the other boardroom. The Relevant Individual cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The Relevant Individual cannot act to advance any interests other than those of the Bank.



3. Perceived Conflict of Interest

It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the laws, regulations and this Policy. There may be cases where the perception of a conflict of interest or breach of duty (even where no conflict exists or breach has occurred) may be harmful to the Bank notwithstanding that there has been compliance with the laws, regulations and this Policy. In such circumstances, the process set out in this Policy for addressing conflicts shall be followed. It is recognized that the perception of conflict may be harmful to the Bank even where no conflict exists.

4. Disclosure of Conflict of Interest

4.1 Duty to Disclose

All Relevant Individuals must disclose every quarter to the Board Secretary the following:

- i. List of Related Parties (as defined in the Policy on Related Party Transactions)
- ii. List of Board membership held by the Relevant Individual in any other company.

Every quarter, the Board Secretary shall contact the Relevant Individuals and request a confirmation of any change to the information specified above.

Within 10 days of becoming aware of any material changes to the information provided on the disclosure, the Relevant Individual must inform the Board Secretary detailing such material change.

Moreover, each Relevant Individual shall disclose to the Board or the Committee all material facts regarding his or her interest in the transaction, promptly upon learning of the proposed transaction.

4.2 Determining Whether a Conflict of Interest Exists

Disclosure of a Relevant Individual's potential or actual conflicts beyond those required to be disclosed periodically should be made as and when the conflict arises to the Board or the Committee. The Board or the Committee shall determine whether a conflict exists.

In the review, the Board or the Committee may ask questions of and receive presentation(s) from the Relevant Individual and any other interested person(s), but shall deliberate and vote on the transaction without the participation of the Relevant Individual in the voting process.

The Relevant Individual who has declared a conflict shall not participate in the discussion or vote in respect of the matter in which the Relevant Individual has a conflict and shall not attempt in any way to influence the voting.

The Board or the Committee shall ascertain that all material facts regarding the transaction and the Relevant Individual's conflict of interest have been disclosed to the Board or the Committee.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Board or the Committee shall determine whether the transaction is in the Bank's best interest, for its own benefit, and whether it is fair and reasonable to the Bank. The majority of disinterested members of the Board or the Committee then in office may approve the transaction.



5. Records of Proceedings

The minutes of any meeting of the Board or a Committee pursuant to this Policy shall contain the name of each Relevant Individual who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board or the Committee who were present during the deliberations on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board or the Committee and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

A register of declaration of interests shall be kept and updated regularly. The Board Secretary should maintain the Conflicts of Interest Register.

6. Non-Compliance

To the extent that a Relevant Individual has failed to comply with the provisions of this Policy, the following consequences may ensue.

The Relevant Individual:

- i. May be removed by a decision of the Board of Directors;
- ii. May be held personally liable for any breach of his or her fiduciary duties to the Bank; or
- iii. Any profits earned by the Relevant Individual attributable to his or her non-disclosure shall be disgorged to the Bank.

7. Ownership and Amendment

The Owner of this Policy is the Board Secretary & Corporate Governance Function. This Policy may be amended by the Board as needed.