

بنك دبي التجاري
Commercial Bank of Dubai



CONFLICTS OF INTEREST POLICY

VERSION 3



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1. Introduction

Commercial Bank of Dubai and its subsidiaries also referred to as "CBD" or the "Bank," is fully committed to complying with all regulatory requirements, applicable laws, rules, and regulations in the jurisdictions where it conducts business or provides financial services. This includes adherence to high ethical standards and the implementation of international best practices for governance and transparency.

Conflicts of Interest Policy, herein referred to as the "Policy", delineates the way Commercial Bank of Dubai, including but not limited to its Business Units, Support Units, and Control Functions, effectively identifies, and manages conflicts of interest.

1.1 Table of Acronyms

Acronyms	Description
BRCC	Board Risk & Compliance Committee
CBD	Commercial Bank of Dubai
CCO	Chief Compliance Officer
HORC	Head of Regulatory Compliance, Consumer Protection & Market Conduct
RCU	Regulatory Compliance Unit
SCA	Securities and Commodities Authority

1.2 Purpose

The purpose of this Policy is to establish the Bank's framework for the identification and management of conflicts of interest, whether actual, potential, or perceived.

The objectives of this Policy are as follows:

- Ensure that the Bank takes appropriate measures to identify and manage conflicts of interest, whether actual, potential, or perceived, that may arise during the normal course of business.
- The Bank establishes and maintains effective organizational and administrative controls to prevent conflicts of interest; and
- Safeguard the Bank from financial penalties, litigation, criminal or regulatory sanctions, and reputational risk.

1.3 Scope

This Policy applies to all CBD employees and employees of its regulated subsidiaries (refer Section 5 for detailed roles and responsibilities).

It is mandatory for all employees to comprehend and abide by the provisions of this Policy.

The policy should at least be reviewed annually and is subject to BRCC approval.

Note: Board of Directors are subject to a separate policy (Directors Conflicts Of Interest Policy) which is maintained and owned by the Board Secretary.

1.4 Definitions

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.
Close Relative ¹	This includes father, mother, brother, sister, children, spouse, father-in-law, mother-in-law, and children of the spouse.
Conflict of interest ²	A situation of actual, potential, or perceived conflict between the duty and private interests of a person, which could improperly influence the performance of his/her duties and responsibilities.
Customer	Any one of the following: a) an existing customer of the Bank b) a potential customer of the Bank (where the Bank is seeking to enter a relationship with the potential customer in respect of services and transactions) c) a past customer.
Employees	All individuals on CBD payroll, outsourced agents and representatives, contracted resource or equivalent employed by the Bank, collectively referred to as "Employees" for the purpose of this Policy
Inducement	Paying or receiving any fee, commission monetary or non-monetary benefit, or the receipt of Performance-based Commissions in relation to the provision of investment service and/or ancillary service to a customer.
Information Barriers	The physical and electronic barriers which help control the flow of information within the Bank.
Market	The Dubai Financial Market or any other Securities Market wherein the securities of CBD are listed and traded.
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.
Securities	Financial assets that can be traded, such as shares, debt instruments, derivatives or other financial instruments linked to them.
Senior Management	The executive management of CBD responsible and accountable to the Board of Directors for the sound and prudent day-to-day management of CBD, generally including, but not limited to Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Chief Compliance Officer, Chief Credit Officer, Chief Internal Audit Officer, Chief Legal Officer, Chief Sustainability Customer Officer, and Chief Human Resource Officer.
Subsidiary	An entity, owned by another entity by more than 50% of its capital or under full control of that entity regarding the appointment of the board of directors.
Third-Party	Any person, group of persons or organization external to and not a related party to CBD (vendors, consultants, lawyers).
Vendors	Vendors, suppliers or service providers, consultants, and advisors to the Bank.

¹ Chairman of the Authority's Board of Directors' Decision no.3 of 2020 concerning Approval of Joint Stock Company Guide - SCA

² Corporate Governance Regulation for Banks dated 18 July 2019, issued by the Central Bank of the UAE



1.5 Reference(s)

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

S#	References
1	Group Compliance Framework Policy
2	Anti-Bribery & Corruption Policy
3	Whistleblowing Policy
4	Consumer Protection Policy
5	Vendor Risk Management Policy
6	Data Protection & Privacy Policy
7	Code of Conduct Policy
8	Information Security and Data Protection Policy



2. Policy Breaches and Circumvention

Compliance with this policy is critical in ensuring the implementation and maintenance of effective and appropriate controls to Compliance with conflicts of interest policy is critical in ensuring the implementation and maintenance of effective and appropriate controls to mitigate risks and ensure that all business activities are conducted with integrity and transparency.

Non-compliance with this policy can result in severe consequences, including civil and criminal penalties, damage to reputation, regulatory censure, and loss of income through the termination of banking relationships or enforcement by relevant competent authorities.

It is the responsibility of all employees to report any known violation, attempt to evade, or intention to circumvent this Policy to the Head of Regulatory Compliance and/or the Chief Compliance Officer.

Any employee found to be acting outside the boundaries of this Policy or attempting to circumvent it, whether directly or indirectly, will be subject to disciplinary action.

Any exception to the policy is required to be presented to RMCC and BRCC for review and feedback.



3. Conflicts of Interest

3.1 Background

Conflicts of Interest is a situation or arrangement where CBD, or a company with which it has an association, and/or any of its employees is subject to multiple influences, the competition of which might adversely affect decision making or outcomes while conducting business.

Conflicts of Interest under this Policy include actual conflicts of interest (a conflict of interest that has arisen), potential conflicts of interest (a conflict of interest that may arise given particular facts and circumstances) and perceived conflicts of interest (a situation which may give rise to the perception of a conflicts of interest), even where a conflict of interest may not in fact exist.

3.2 Types of Conflicts

Conflicts of interest may arise in a variety of relationships which are often closely related and may overlap. This normally includes conflicts of interest that arise between below broad categories:

Category A: Between a customer and the Bank or its employee.

Category B: Between two or more customers in the context of the provision of services by the Bank to those customers.

Category C: Between the Bank and its employee, vendor, third party representative, or material shareholder.

Category D: Between two or more units/functions or an employee of the Bank.

To assist in the identification of conflicts, Appendix – 10.1 includes non-exhaustive lists of specific examples of circumstances in which these conflicts may arise.

Non-exhaustive list of common conflicts of interest scenarios is set out below:

A. Bank-related conflicts: Conflicts of interest relating to the Bank can be broadly described as scenarios where:

- Employee's interest in the outcome of a particular activity or endeavor differs from the Bank's interest.
- Employee (or, where applicable, a Family Member or Close Personal Relationship) receives a financial or other significant benefit because of the Employee's position at the Bank that is inappropriate in nature.
- Employee can influence the Bank granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the Employee or a Family Member or Close Personal Relationship.
- Employee's existing financial or other interest or previous engagement in an endeavor or activity or relationship with another person, impairs or could impair their judgment or objectivity in carrying out their duties and responsibilities to the Bank.
- Employee favors interest of one Unit of the Bank over another Unit of the Bank which is inconsistent with the best interest of the Bank including in connection with the selection of Vendors.

B. Customer-related conflicts: Conflicts of interest relating to customers can be broadly described as scenarios where the employee or a Third-Party Representative:



- Is likely to make an inappropriate financial gain or avoid financial loss at the expense of a customer.
- Has an interest in the outcome of a service provided to a customer or of a transaction carried out on behalf of a customer which is different from customers' interest in that outcome.
- Has a financial or other incentive to favor the interest of a customer or group of customers over the interests of another customer.
- Conducts the business in the same field as a customer.
- Has a financial or other incentive to favor the sale of a particular product or service to a customer which is not in the best interest of the customer.
- Receives or will receive from a person (other than the customer) an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than a standard commission or fee for that service.



4. Approach to Conflicts Management

The Bank strives to ensure that conflicts of interest do not negatively impact the interests of the Bank, its customers, shareholders, or other stakeholders by identifying, preventing, or managing such conflicts.

Certain conflicts are prohibited by law or regulations, while others are permissible provided that the Bank has implemented appropriate measures to manage and mitigate them.

The Bank may utilize several means (which may be used individually or in combination) to manage and mitigate conflicts of interest including:

- Reference policies and controls described in this policy.
- Avoidance of the service, activity or matter giving rise to the conflicts of interest where the conflicts of interest cannot be prevented or managed effectively using other means.



5. Roles and Responsibilities

The overall roles and responsibilities towards managing the conflicts of Interest are as follows:

5.1 Employees

As part of the Bank's approach to conflicts management, all employees must fulfil the responsibilities outlined below when performing their roles at the Bank. Employees are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:

- Adhere to this policy, its rules, and all other relevant policies and procedures concerning the identification, documentation, escalation, and management of conflicts of interest.
- Conduct themselves with integrity, make decisions with sound judgment, and exhibit discretion in their actions.
- Act with the requisite degree of independence and objectivity when discharging their responsibilities at the Bank.
- Avoid, wherever possible, situations giving rise to conflicts of interest due to any of the following:
 - a) Personal financial interest.
 - b) Family members or close personal relationships.
 - c) Previous, current, or potential future involvement in an activity or endeavor (whether at the Bank or externally).
 - d) Different roles and responsibilities at the Bank.
- Fully and timely disclose actual or potential conflicts of interest they become party to or aware of to Human Resources and the RCU. If necessary, they must remove themselves from decision-making and not influence it further.
- Not be in a supervisory, subordinate or control relationship (having influence over conditions of employment) with closely related persons including family members or close personal relationships.
- Ensure data confidentiality and avoid misuse of sensitive information.
- Manage work-related information based on the Bank's need-to-know principle, always respecting information barriers and duties of confidentiality.
- Upon joining the Bank and on a periodic basis, thereafter, complete all attestations as required per Bank's policies.

5.2 Human Resource (HR)

In their role, Human Resources must adopt various resolution strategies to facilitate open dialogue, and promote understanding, to facilitate necessary review/action. Key responsibilities are as follows:

- Responsible for employees' attestation process of new joiners and annual attestation refreshers.
- Obtain onboarding and annual Declaration via Appendix 10.2 – Annual COI Declaration
- Promptly report all conflicts declared by employees to RCU for assessment and final decision.
- Ensure that all employees receive regular training and are informed about the requirements of the subject policy.



5.3 Regulatory Compliance Unit (RCU)

RCU provides oversight and ownership of the Bank's conflicts of interest Policy and Framework as follows:

- Oversee annual refresh of the conflicts of interest attestation process of all employees (administered by HR).
- Periodically update the relevant committees (RMCC/ BRCC) of any incidents and the overall effectiveness of the Bank's conflicts of Interest framework.
- Assess Employee declarations where conflicts are declared by employees and provide an assessment outcome with recommendations.
- Maintain the Bank's Conflicts of Interest Register containing all actual and potential conflicts of interest declared and reported by the Bank's employees.
- Provide support in managing the actual, potential, and perceived conflicts disclosed by employees.
- Act as subject matter expert and support HR in delivering training and awareness programs (as necessary).
- Recommend changes to the Policy in line with applicable regulatory requirements.
- Report actual conflicts to the RMCC and BRCC for noting and feedback.

5.4 Senior Management

Members of Senior Management are responsible for overseeing the identification, documentation, escalation, and management of all conflicts of interest as they arise within their relevant areas of responsibility at the Bank. Senior Management are required to:

- Sponsor and encourage an appropriate culture which emphasizes the importance of ethical treatment of customers and fair handling of conflicts of interest.
- Be engaged in the implementation of policies, procedures and arrangements for the identification, documentation, escalation, management, and ongoing monitoring of conflicts of interest.
- Be involved in clear communication of policies, procedures and expectations and the sharing of best practice throughout the Bank.
- Adopt a comprehensive approach in identifying potential and emerging conflicts of interest within and across business divisions and functions, and to facilitate informed judgments regarding their materiality and the way they are addressed.
- Raise awareness and promote adherence of employees in completing regular training both onboarding and periodic training refreshers.
- Sponsor systems and controls to document, track, manage and mitigate conflicts of interest risk, and regularly review their effectiveness.



6. Conflicts of Interest Reporting and Management Process

The following sections provide details of the management and reporting of conflicts of interest:

- Employees conflicts of interest declarations obtained during onboarding and during the annual conflicts of interest attestation process.
- Ad hoc employees' conflicts of interest declarations obtained during the course of employment.

6.1 Employees Conflicts of Interest Declarations (Onboarding & Annual Attestation)

1. HR is responsible for obtaining conflicts of interest declarations from employees, during employee attestation process of new joiners and annual attestation refreshers.
2. HR will report all conflicts of interest declared by employees to RCU for assessment and final decision via email to regulatorycompliance@cbd.ae
3. RCU records all reported conflicts of interest in the Bank's register, assesses the declared conflicts, and provides an outcome or decision, which may include recommended mitigating actions or controls.
4. RCU then shares the assessment with CCO for final review and concurrence.
5. If the CCO does not agree with the assessment, the assessment is updated with the final review feedback and shared by RCU with HR, who in turn informs the employee and relevant line manager of the final decision.
6. If the CCO agrees with the assessment, then RCU communicates the final decision to HR, who informs the employee and relevant line manager.
7. RCU then updates the conflicts of interest register according to the assessment and final decision.

Note: Relevant action owners (Employee, Line Manager) must adhere to the recommendations if any as per the final decision cascaded by HR.

6.2 Ad hoc employees Conflicts of Interest Declarations

1. Any employee who become party to or aware of an actual or potential conflict of interest is obligated to declare such conflict by notifying the line manager and sending an email to regulatorycompliance@cbd.ae
2. RCU performs an assessment of the declaration of conflicts of interest from an Employee, and if necessary, may request additional information from the employee.
3. RCU assesses the declared conflicts of interest and provides an outcome/decision which, depending on the scenario, may or may not include recommended mitigating actions/controls.
4. RCU then shares the assessment with the CCO for final review and concurrence.
5. If CCO does not agree with the assessment, the assessment is updated with the final review feedback and shared by RCU with HR, who in turn informs the employee and relevant line manager of the final decision.
6. If CCO agrees with the assessment, then RCU communicates the final decision to HR, who informs the employee and the relevant line manager.
7. RCU updates the conflicts of interest Register as per the assessment and final decision.

Note: Relevant action owners (Employee, Line Manager) must adhere to the recommendations if any as per the final decision.



7. Monitoring and Review

CBD is responsible for ensuring that there are processes, systems, and controls in place to monitor the adequacy and effectiveness of this policy. Compliance with this policy is evaluated through assurance activities carried out by business units, compliance, and audit review, following the three lines of defense model.

The Compliance Department shall monitor CBD's compliance with this policy through Compliance Monitoring & Assurance Testing (CMAT) function and providing recommendations for improvements. The CMAT methodology specifies the role of each function in relation to assurance and monitoring activities.



8. Training and Awareness

It is required that all CBD employees undergo training related to the Policy on an annual basis. This training should encompass the essential elements of the Policy, the regulations that apply, pertinent enforcement themes, and the risks that CBD is exposed to due to its geographic presence, variety of products, and customer demographics.

As part of the onboarding process, all new employees will receive a mandatory training regarding this Policy. The Training and Development (T&D) team will manage the annual mandatory e-learning modules, while RCU will provide subject matter expertise and assist T&D in preparing the training material and delivering the required training.



9. Record Keeping

All decisions relating to the application of this Policy should be supported by reasonable evidence to demonstrate the rationale on which they are based. Such documentation should be retained as deemed appropriate for a minimum of 5 years from the date of decision.

10. Appendices

10.1 Appendix 1 - Conflicts of Interest specific examples

Below table consists of broad categories and corresponding examples of transactions and activities at the Bank that may give rise to conflicts of interest which require appropriate management, mitigation, or prevention:

Categories	Example
Category A A customer and the Bank or employee	Mis-selling/ Cross-Selling Products: Conflicts of Interest arises between the Bank, employee and a customer if the Employee engages to the detriment of a customer in cross selling activities or providing multiple service/products to the customer which are not in the best interest of the customer principally to generate higher fees or revenue on behalf of the Bank.
Category B Two or more customers in the context of the provision of services by the Bank to those customers	Opposing side pitches & transactions: Conflicts of Interest arises between the Bank and the customers if the Bank is pitching to, or acts for, opposing sides of the same transaction/situation.
Category C The Bank and employee, vendor, third party representative, or material shareholder	Family / Close Personal Relationship: Conflicts of Interest may arise between the Bank, an employee, a customer or a vendor if an employee deals with individuals who are family members or close personal relationships in the course of conducting business for, or on behalf of, the Bank because the dealings may compromise or otherwise call into question the employee's judgement, ability to act objectively or properly discharge their duties and responsibilities owed to the Bank and/or customers, or otherwise give rise to the risk of reputational damage to the Bank, including the risk of impropriety how business is awarded to or by the Bank or the Bank having obtained an improper advantage or treatment.
Category D Two or more units/functions or employee	Research Independence: A conflict of interest may occur when a research report or public statement from the Bank's research division is influenced by the interests of a specific business division, the Bank itself, a customer, another third party, or the employee involved, rather than reflecting the analyst's true beliefs.



10.2 Annual COI Declaration (Administered by HR)

This questionnaire supports CBD's commitment to the highest standards of ethical and legal conduct in our business. Declarations in case of conflict will be reviewed by RCU.

Please read it carefully before answering the following questions. If you are in doubt about an answer, selecting "Yes" then disclosing the necessary information is the wisest choice.

1. Do you have any Close Relative (as defined in the Policy) or a person with which you have a Close Personal Relationship working in CBD or its subsidiaries or companies providing manpower services to CBD?

Answer: No () Yes ()

2. Do you or any Close Relative (as defined in the Policy) have any direct or indirect financial interest of greater than 25% in any third party, locally or internationally?

Answer: No () Yes ()

3. Are you a director or employer or employee or holder of a Power of Attorney in any business other than CBD and its subsidiaries?

Answer: No () Yes ()

4. Are you engaged in any outside employment or activity resulting in financial or other gains, other than as an Employee? (Non-compensated activity on behalf of charitable, religious, civic or educational organizations is excluded from this disclosure requirement)

Answer: No () Yes ()

5. Did you receive gifts or entertainment or holidays or favor's worth over AED 200 in actual or perceived value, which you did not review with your Line Manager, from any single person or business that does or seeks to do business with, or is in competition with CBD?

Answer: No () Yes ()

6. Do you serve as a Board Member for any entity?

Answer: No () Yes () If yes, how many Board memberships do you hold? a) One b) Two c) More than Two

7. If the answer to the above is Yes and/or the entities are in the banking and finance sector, approval is required from the CBD Board to remain in or accept the position.

I certify that my answers on this questionnaire are complete and accurate to the best of my knowledge.

Employee Signature _____ Date _____

If the answer is Yes to any of the questions above, please provide an explanation including, as appropriate, the following information:

- Name of business
- Address of business
- Nature of business relationship with CBD
- Name of person having interest
- Relationship to Employee
- Type and amount of interest
- Year investment or interest acquired