

# **Emirates Islamic Bank PJSC**

## **Board Charter**

## 1. Purpose

This Charter sets out the authority, responsibilities, and composition of the Board and the Board committees. This Charter shall be read together with the Bank's Corporate Governance Manual. Terms that are used but not defined in this Charter shall have the meanings ascribed to them in the Bank's Corporate Governance Manual.

## 2. Authority

- 2.1 The Board comprises the Directors of the Bank and derives its authority to act from the Bank's memorandum, its articles of association, and other laws or regulations governing public joint stock companies and banks in UAE.
- 2.2 The Board must consider the implications of any guidance or regulations issued by the UAE Ministry of Economy, the Central Bank, the Securities and Commodities Authority, and any other regulations having jurisdiction over the Bank's activities.

## 3. Board's overall responsibilities

The Board has overall responsibility for the Bank, including approving and overseeing the implementation of the Bank's strategic objectives, complying with all laws and regulations applicable to the Board<sup>1</sup>, governance framework and corporate culture. The Board is responsible for the overall direction, management, supervision and control of the business affairs of the Bank and provides leadership in the development and implementation of the vision and mission of the Bank. The Board is also responsible for providing oversight of Senior Management. The Board's overall responsibilities include but are not limited to the following:

### 3.1 Governance

- (a) Ensure effective control over the Bank's entire business, while respecting the independent legal and governance responsibilities that apply to the individual entities within the Group.
- (b) Establish and have an in-depth understanding of the Bank's organizational and legal structures, and the risks these structures pose.
- (c) Exercise business judgment in the best interests of the Bank and comply with relevant laws, regulations, rules and best banking practices.
- (d) Act with integrity and exercise the Duty of Care, the Duty of Confidentiality and the Duty of Loyalty.
- (e) Set the values of the Bank and facilitate effective, entrepreneurial and prudent management that can deliver long-term success for the Bank. Ensure that management balances the opportunities and risks of the business of the Bank. The Board must conduct an annual review of the Bank's strategic plans and the principal issues that it expects the Bank may face in the future.
- (f) Establish and implement the Bank's corporate governance framework, and formal written policies and processes in accordance with applicable regulatory requirements and best practices, with due regard to the Bank's Stakeholders and customers and the Bank's role in the community. In particular, the Board must implement a written code of conduct that defines acceptable and unacceptable behaviours. It must explicitly prohibit illegal activity including fraud, breach of sanctions, money-laundering, anti-competitive practices, bribery and corruption, and the violation of consumer rights.

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<sup>1</sup> Please see Schedule 1 comprising certain specific regulatory obligations which is provided for information purposes only. Version 2 of this charter will include all relevant sources of the regulatory requirements.

- (g) Periodically review the Bank's corporate governance framework to ensure it remains appropriate to the Bank's operational structure and the risk that it faces, as well as its size, complexity, business strategy, markets and regulatory requirements, risk profile and systemic importance.
- (h) Provide clear guidance about the Bank's purpose and set its values and ethical standards and ensure that management and Staff behave with integrity and ethics and perform their jobs with skill, due care and diligence. Build trust in the Bank through consistent behaviour, corporate culture, transparency, accountability and fair treatment of employees and customers.
- (i) Approve disclosure policies for the fair and timely public disclosure of material information which is accurate, not misleading, complete and in line with the regulatory requirements.
- (j) Approve clear policies for the delegation of authority and the actual delegations to executives, particularly in respect of the financial and administrative affairs of the Bank. The Board is responsible for approving and overseeing implementation of this Manual and aligning its strategic objectives with the Bank's risk appetite. In doing so, the Board shall review and adopt, on a periodic basis, a strategic plan for the Bank actions arising therefrom. The Board will undertake a critical assessment of the consequences of such actions, taking into consideration, among other factors, the opportunities for and risks to the Bank.

### 3.2 Strategy

- (a) Develop an in-depth understanding of each part of the Bank's business.
- (b) Formulate, review, approve and monitor the Bank's business objectives and, strategic plans, including setting the Bank's overall risk appetite taking into account the competitive and regulatory landscape, long-term interest, exposure to risk and the ability to manage risk effectively. Implement controls to identify and address potential intragroup conflicts of interest such as those arising from intragroup transactions.
- (c) Actively engage in the affairs of the Bank to ensure strategy and policies are implemented as designed. Consider and devise measures to avoid or mitigate financial, legal, reputational and other risks to the Bank.
- (d) Review the assumptions and rationale underlying the Bank's strategic plans and ensure that clearly defined and measurable performance metrics are developed and embedded throughout the Bank.
- (e) Develop the Board's meeting agendas to address the strategic priorities of the Bank.
- (f) Make decisions concerning the Bank's capital structure and its dividend policy.
- (g) Review, approve and monitor major investments, divestitures, strategic commitments, operational initiatives (such as changes in systems) and the Bank's annual budget.

### 3.3 Commercial and financial responsibilities

- (a) Establish commercial and financial policies, make decisions concerning the major investments needed to achieve the Bank's objectives, and increase the value of shareholders' equity.
- (b) Approve and oversee the implementation of the Bank's capital adequacy assessment process, capital and liquidity plans, and relevant policies and obligations.
- (c) Approve the annual and interim financial statements, recognising that the final responsibility for the preparation of proper accounts is not able to be delegated and lies with the Board

### 3.4 Credit Responsibilities

- (a) Approve and oversee implementation of key policies, including, but not limited to, credit (including instructions on large exposures) and liquidity policies.
- (b) Approve credit commitments as required by the Central Bank including facilities to individual Directors or / and their related parties and large exposures and any existing exposures becoming a large exposure by an increase of credit facilities.
- (c) Ensure fair structure and a balanced composition of the Bank's credit portfolio.

### 3.5 Past Performance Review

- (a) Review business results and monitor budgetary control in order to evaluate the Bank's activities and management.
- (b) Follow up on previous action points and report any breach or failure to comply.
- (c) Review, approve and monitor any necessary corrective actions and processes.

### 3.6 Integrity of external reporting

- (a) Review and monitor the processes, controls and procedures which are in place to maintain the integrity of the Bank's accounting and financial records and statements, with the support of the Audit Committee.
- (b) Monitor and receive reports from the Audit Committee in relation to internal controls, compliance with prudential regulations and requirements, and internal and external audit reports.
- (c) Review and monitor reporting to shareholders to ensure that it is objective, comprehensive, factual and timely.
- (d) Approve all financial information in material public disclosure documents including press releases, prospectuses, Pillar 3 disclosures, proposed dividend announcements, and other public offering documents.
- (e) Approve and recommend appointment, re-election and dismissal of external auditors to the Bank's general assembly.
- (f) Approve a formal policy on the provision of non-audit services by the Bank's external auditor.

### 3.7 Risk Management

- (a) Establish and oversee implementation of an effective Risk Governance Framework and risk management processes and culture across the Bank, at the recommendation of the Board's Risk Committee.
- (b) Introduce effective systems within the Bank to facilitate the exchange of information among the various entities within the Bank.
- (c) Determine the nature and extent of the risks it is willing for the Bank to bear to achieve the strategic objectives of the Bank.
- (d) Develop and monitor a Bank wide risk appetite statement and risk limits, taking into account the competitive and regulatory landscape and the Bank's long-term interests, risk exposures and ability to manage risk effectively. Have controls in place to monitor and mitigate the risk exposure on an on-going basis.
- (e) Establish and approve risk management policies, which include identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating all internal and external sources of

- material risk and reflect an understanding of the risks arising from the Bank's business activities and the relationships among those risks.
- (f) Periodically review with Senior Management and the Heads of the Bank's Risk Management, Compliance and Internal Audit Departments the Bank's Risk Governance Framework as well as risk management and internal control policies and processes to ensure that these remain appropriate in the light of material changes to the Bank's size, complexity, business strategy, markets and regulatory requirements, to identify and address significant risks and issues and determine areas that need improvement.
  - (g) Approve and annually review the interest rate and rate of return risk strategy and governance framework (including policies, procedures, systems and controls) in line with the Bank's changing risk profile and market developments.
  - (h) Establish, review and monitor adherence to the Bank's liquidity risk tolerance in line with the Bank's objectives, strategy and overall risk appetite.
  - (i) Periodically review the scenarios and outcomes of the stress testing programs.
  - (j) Review and monitor processes for the maintenance of adequate credit quality.
  - (k) Promote risk awareness within a strong risk culture, and set the expectation that all Staff are responsible for ensuring the Bank operates within the established Risk Governance Framework, risk appetite and risk limits.
  - (l) Monitor and manage potential conflicts of interest or insider dealing of management, Directors and shareholders, including misuse of corporate assets and abuse in Related Party Transactions.
  - (m) Approve and oversee implementation of a disclosure policy and periodically disclose risk management related information in line with applicable regulatory requirements.

### 3.8 Internal Controls and Compliance

- (a) Establish an effective internal control framework across the Bank, taking into account the Bank's risk profile, and oversee its implementation.
- (b) Ensure the efficiency of internal controls throughout the Bank, including the management of finances and operations.
- (c) Approve a disclosure policy for Pillar 3 information that sets out the internal controls and procedures for disclosure of such information.
- (d) Ensure that Pillar 3 disclosures have been prepared in accordance with the approved internal control processes and disclosure policy.
- (e) Ensure effective regulatory compliance programs are in place (including without limitation AML/KYC / data privacy) and clearly articulate the expectations with regard to the responsibilities and accountability of all Staff in relation to those programs.
- (f) Approve and oversee implementation of the Bank's regulatory compliance policies, and establish a strong compliance culture.
- (g) Allocate sufficient resources to monitor the compliance of all entities with all applicable legal, regulatory and governance requirements.

### 3.9 Management oversight, executive review, remuneration and succession planning

- (a) Establish a Fit and Proper Process for the selection of Senior Management, including the heads of Risk Management, Compliance and Internal Audit Departments.
- (b) Approve appointments of key members of Senior Management as well as monitor and review executive succession planning.
- (c) Actively engage in succession planning for the Bank Chief Executive Officer.
- (d) Monitor Senior Management's actions to ensure that they are consistent with the strategic objectives and policies approved by the Board and are aligned with the Bank's values, risk appetite and risk culture regardless of financial gain or loss to the Bank.
- (e) Meet with Senior Management on a regular basis and critically review and challenge explanations and information provided by Senior Management.
- (f) Set appropriate performance and compensation standards for Senior Management consistent with the long-term strategic objectives, prudent risk taking and the financial soundness of the Bank.
- (g) Review and monitor the performance of the Bank Chief Executive Officer and Senior Management.
- (h) Oversee the design and operation of the Bank's compensation system, and monitor and review the system to ensure that it is aligned with the Bank's desired risk culture and risk appetite, and relevant regulatory requirements.
- (i) Review and approve executive remuneration to ensure alignment with longer term interests of the Bank and its shareholders.
- (j) Ensures that that Senior Management's collective knowledge and expertise remain appropriate given the nature of the business and the Bank's risk profile.
- (k) Ensure the necessary human resources are in place.

### 3.10 Values & Culture

- (a) Establish, monitor and communicate corporate culture and values through measures including, but not limited to, a written code of conduct, a conflict of interest policy, a whistleblowing policy mechanism, culture and values programs and an insider trading policy.
- (b) Set the "tone from the top" by playing a lead role in establishing, promoting, adhering to and monitoring the Bank's adherence to corporate culture and values that create expectations that all business must be conducted in a legal and ethical manner.
- (c) Monitor and influence the culture, reputation and ethical standards of the Bank.
- (d) Ensure that Staff are aware that appropriate disciplinary or other actions will follow unacceptable behaviours and transgressions.

### 3.11 Board Effectiveness

- (a) Ensure a formal Director selection, nomination and election process.
- (b) Monitor Board composition and Board processes.
- (c) Evaluate the performance of the Board, Board Committees, each Director and Company Secretariat on an annual basis.

- (d) Monitor and review processes to assist Directors to have sufficient time to devote to Board matters to ensure that they discharge their duties effectively.
- (e) Participate in meetings of the Board and provide independent opinions on all matters.
- (f) Ensure that priority is given to the Bank's and shareholders' interests in case of conflict of interests.
- (g) Avail the Board and its different committees of their skills, experience, diversified specialties and qualifications through regular presence and efficient participation in Board meetings and through regular engagement with shareholders and by attendance at general meetings and acquiring a balanced understanding of shareholders' opinions.
- (h) Participate in the Bank's Board Committees.
- (i) Periodically review this Charter and its continuing adequacy.

## 4. The Board

### 4.1 Board Composition

- (a) The size of the Board will be determined in accordance with the Bank's constitutional documents, and by reference to local laws and regulations, in particular the Corporate Governance Regulation, to ensure efficient decision making and corporate governance.
- (b) Candidates for nomination to the Board will be endorsed or selected by the Nomination, HR & ESG Committee, and recommended to the Board for approval, taking into consideration the overall composition and diversity of the Board and areas of expertise that new Board members would be able to offer, provided that at least 1 (or such percentage required by regulation from time to time) of the candidates nominated for election must be female.
- (c) The Board composition must allow the exercise of objective and independent judgement.
- (d) Directors should be and remain qualified, individually and collectively, for their positions. They should understand their oversight and corporate governance role and be able to exercise sound, objective judgement about the affairs of the Bank.
- (e) The Board shall comprise of 9 Directors or as may be stipulated by the Bank's articles of association and any amendments thereto, provided that, to the extent required by the Bank's articles of association
  - (i) the Board shall have at least one female Director;
  - (ii) at least one-third of the Directors shall be Independent Directors; and
  - (iii) the Chairman and Vice Chairman of the Board and the majority of the Directors must be UAE nationals.
- (f) All Directors may hold:
  - (i) memberships in the boards of up to five (5) Public Joint Stock Companies (PJSCs) in the UAE. This is also applicable to PJSCs inside the Group;
  - (ii) memberships in the Board of only one (1) Bank in the UAE (excluding Emirates Islamic Bank); and



- (iii) memberships in up to four Banks outside the UAE.
- (g) Directors must obtain permission from the Board before accepting nominations to serve on another board and no conflict of interest must be present.
- (h) A written approval or no-objection of nominations for the Board would be required from the Central Bank. The Central Bank will need to be satisfied that the nominated individual possess appropriate academic qualification, adequate business and banking experience and a sound character to take decisions, which protect interests of concerned parties in a fair, transparent and appropriate manner.
- (i) The Board shall be sufficiently diverse in its composition. Collectively, the Board shall have knowledge of all significant businesses of the Bank and an appropriate balance of skills, diversity and expertise commensurate with the size, complexity and risk profile of the Bank. These requirements, amongst others, are detailed in the Fit and Proper Policy.

#### 4.2 Duration of appointment

- (a) Directors shall hold office for a term of three years, following which they shall be eligible for re-election or reappointment at the end of which they shall resign
- (b) The maximum tenure of an Independent Director shall be as specified in the Corporate Governance Regulations or as otherwise approved by the competent authorities.
- (c) Notwithstanding 5.2.2 above, a Director can be on the Board after such time.

#### 4.3 Chairman

- (a) The Board shall elect from the Directors a Chairman and a Vice-Chairman. The Vice-Chairman shall act as the chairman when the Chairman is absent.
- (b) The Chairman of the Board shall be a Non-Executive or an Independent Director.
- (c) Amongst other things, the Chairman, with the support of the Vice Chairman:
  - (i) Provides leadership to the Board and ensures proper and effective overall functioning of the Board and its committees including maintaining a relationship of trust with fellow Directors.
  - (ii) Encourages and promotes critical discussion and ensures that dissenting views can be freely expressed during the decision-making process.
  - (iii) Ensures Board decisions are taken on a sound and well informed basis and that adequate and timely information is provided prior to meetings, with the help of the Board Secretary. The Chairman also ensures that sufficient time is allowed for discussion of complex or contentious issues.
  - (iv) Ensures the efficiency and timely performance and discussion of any and all material issues by the Board.
  - (v) Shall be mainly responsible for drafting and approving the agenda of every meeting of the Board taking into consideration any matter proposed by the other Directors, with the support of the Board Secretary, and shall ensure that the content, organization, quality of documentation and time allocated to each topic allows for sufficient discussion and decision making. Allows each Director to freely suggest items for inclusion on the agenda or to raise topics that are not on the agenda for that meeting.



- (vi) Encourages all Directors to fully and efficiently participate in handling the affairs of the Board and ensures that the Board is working in the best interests of the Bank.
- (vii) Takes proper actions for ensuring efficient and effective communication with shareholders on matters of governance and strategy and communicating their opinions to the Board.
- (viii) Allows efficient participation of the Independent Directors in particular and promotes constructive relations between Independent Directors and Senior Management.
- (ix) Ensures that a comprehensive induction program is provided for new Directors to ensure that such Directors fully understand the role of the Board and its committees.
- (x) Ensures Directors receive appropriate training and development to discharge their duties and responsibilities effectively.
- (xi) Ensures that the Directors have the right to access any information, records and books of the Bank. This access is coordinated through the Board Secretary or through the Chief Executive Officer.
- (xii) Promotes highest standards of corporate governance and ensures that the Board discharges its duties and complies with relevant laws and regulatory requirements.

#### 4.4 Board Committees

- (a) The Board will establish committees as it considers appropriate to assist it in carrying out its responsibilities on such terms and conditions as it may think fit. The Board may delegate specific authority, but not its responsibilities, to the committee.
- (b) The Board shall, as a minimum, establish the following permanent committees and appoint chairmen to those committees and shall adopt terms of reference setting out matters relevant to the authority, responsibilities, membership and operation of those committees:
  - (i) an Audit Committee;
  - (ii) a Credit & Investment Committee;
  - (iii) a Nomination, HR & ESG Committee; and
  - (iv) a Risk Committee.
- (c) The Board may also appoint special committees from time to time to consider matters such as large projects, capital strategies, major investments and commitments, and capital expenditure.
- (d) Committees may, where so specified in the terms of reference and required by applicable regulatory requirements and best practices, require a minimum number of Independent Directors.
- (e) The Board shall regularly review composition of its committees and may from time to time consider the rotation of members and of the chair of such committees to avoid undue concentration of power and promote fresh perspectives.
- (f) Any such committee shall, in the exercise of the functions delegated to it by the Board, conform to any regulations which may be imposed by the Board from time to time.
- (g) The Board may authorise any committee to sub-delegate any of its functions and may at any time dissolve any committee or cancel, suspend or vary the delegation made to it.

- (h) The meetings and proceedings of committees shall be governed by the provisions of the Bank's articles of association relating to Board meetings.

#### 4.5 Authority of the Board

- (a) The Board shall have full power and authority to do everything which may be required or desirable for the Bank's management and operations and to attain its objectives. Such powers shall not be limited except as provided by the laws of the United Arab Emirates, the Bank's articles of association, the Companies Law, the Corporate Governance Regulations or the general meeting of shareholders.
- (b) Under the Bank's articles of association, the Board is specifically authorised to:
  - (i) conclude any loan agreement (including for periods in excess of three years);
  - (ii) sell or mortgage the Bank's real estate or other assets;
  - (iii) release the Bank's debtors;
  - (iv) conduct conciliation and agree on arbitration and to file lawsuits and to settle the same;
  - (v) decide the regulations relating to financial and administrative affairs, personnel affairs and their financial entitlements; and
  - (vi) decide on any special by-law regulating its business, meetings, powers and responsibilities.

#### 4.6 Delegation to Senior Management

- (a) The Board delegates to the Chief Executive Officer and the Bank's Management Executive Committee the authority and power to manage the day to day business affairs of the Bank subject to such specific delegations and limits that the Board makes from time to time. The Chief Executive Officer and the Management Executive Committee have the authority to sub-delegate such authority and power to such members of the management team or other committee as they may determine from time to time.
- (b) Clear instructions shall be given as regards the management's authorities and particularly in relation to the circumstances in which the management shall obtain the Board's approval before taking any decisions or entering into any obligations on behalf of the Bank. A written list of tasks and authorities maintained by the Board and those delegated thereby shall be set out in the terms of reference of the Management Executive Committee. The terms of reference of the Management Executive Committee shall be reviewed regularly .

### 5. Board Meetings

#### 5.1 Attendance

- (a) A Board meeting shall not be valid unless a majority of its members are in attendance or represented.
- (b) Directors may participate in meetings by means of audio or videoconference facilities or any other forum provided that (a) all participants can be heard simultaneously; and (b) the video conference is held in compliance with the SCA regulations.
- (c) Directors are expected to prepare adequately, attend, and participate at Board and committee meetings.

- (d) Directors shall be provided with adequate materials on topics to be discussed at Board meetings sufficiently in advance of the meeting date; Directors shall also be kept informed of developments between Board meetings.
- (e) The Directors will regularly remain available for informal meetings without the Bank Chief Executive Officer, or other members of management being present.

## 5.2 Board meeting notices and agendas

- (a) Meetings of the Board shall be held at least once every two months (i.e. not less than (6) six meetings every year) at the head office of the Bank or at any other place deemed appropriate by the Board. Board meetings shall be convened upon a written notice of the Chairman. Board meetings may also be convened at the request of at least two-thirds of the Board.
- (b) Where practicable the notice of the meeting shall be given, together with the agenda, at least one week before the meeting is held. The Board meeting materials may be circulated to the Directors by way of an iPad or other device app, email or other secure means. A director has the right to add any matter that he may deem necessary, for discussion in the meeting, subject to prior consultation with the Chairman. The Board should meet 30 days before the Annual General Assembly date.
- (c) Board agendas will be structured throughout the year to ensure that each significant responsibility of the Board is addressed.
- (d) As part of the agenda, the Board will review strategy and the achievement of financial and other goals. The Board will receive a detailed overview of the performance and significant issues, including risk factors, of each business and support unit.
- (e) The Board will receive detailed financial, operational and performance reporting presentations from Senior Management during the year; management will be available to discuss the reports with the Board.
- (f) The Board will review the Bank's long-term strategic plans and the major issues that it expects the Bank to face in the future during at least one Board meeting each year, which will be closely co-ordinated to align with the Bank's budget process.

## 5.3 Resolutions

- (a) An absent Director may authorize another Director to vote on his behalf provided that the Director present does not hold more than one proxy.
- (b) The Board resolutions shall be issued by a majority of votes of those Directors or their representatives present at the meeting. Voting by correspondence is not allowed, and a delegated member shall vote on behalf of the absent member in accordance with the delegation. A member of a Board committee may not be represented by a proxy of another Board committee member. If there are an equal number of votes the Chairman or acting Chairman shall have a casting vote.
- (c) Without prejudice to the above paragraph, the Board may exceptionally take some decisions based on resolutions by circulation, provided that:
  - (i) the resolution is delivered to the Directors in writing and accompanied by all the supporting documents and papers as necessary for revising it;

- (ii) any resolution by circulation must be agreed upon by a majority of the Directors; and
- (iii) the resolution must be submitted to the succeeding meeting of the Board to be included in the minutes of such meeting

#### 5.4 Minutes

- (a) Minutes of Board meetings shall be recorded and circulated to all Directors for comments which shall be incorporated and approved by all Directors at the succeeding meeting of the Board. Once approved, the minutes shall be signed by the Directors attending the meeting and the Board Secretary before being placed in a minute book and published on the Bank's portal or app by the Board Secretary. The signatories to such minutes shall be liable for the validity of the statements contained therein. The meeting minutes shall include details of issues discussed, recommendations made, decisions taken, dissenting opinions and the person responsible for completion of tasks discussed at the Committee meeting. In case one of the Directors refuses to sign, his/her objection shall be recorded in the minutes together with the reason/s for his/her objection, if given, and a copy of the minutes shall be sent to Directors for their records.
- (b) Directors, the Chief Executive Officer, the Board Secretary and delegated officers of the Board Secretariat, are each authorised by the Bank individually to provide certified copies of extracts taken from the minutes of any Board meeting, by signing such extracts, identifying that it is a certified true copy of the original and including the date that the certification is provided. Any party dealing with the Bank may rely absolutely on such certified copy as being a true and accurate copy of the original document.

#### 6. Directors' Remuneration

- 6.1 The form and amount of Director Remuneration is determined by the Board based upon the recommendations of the Nomination, HR & ESG Committee and to be approved by the Bank's general meeting. The Bank's Remuneration policies should be consistent with the Bank's culture, control environment and long-term objectives. Remuneration policy should be established by the Nomination, HR & ESG Committee comprising Independent Members to avoid potential conflicts of interest.
- 6.2 The payment of compensation to the Directors will include a part relating to their service on the Board and another on the Board committees, with greater weighting applied to chairing committees. Where applicable, the payment may also include the value of other non-monetary benefits, e.g. insurance and healthcare.. Bonus or any incentive-based mechanisms based on the performance of the Bank must be excluded. Board committee fees will be paid quarterly, or as otherwise agreed by the Board.
- 6.3 The Nomination, HR & ESG Committee will review and make annual recommendations to the Board on the level of Directors' remuneration, taking into consideration the amount of time they give to the Bank, as well as the extent and complexity of their responsibilities, including serving on Board committees.
- 6.4 Negative financial performance or net loss reported by a Bank in a financial year may lead to a contraction of the Board's total compensation. The Central Bank may impose additional reductions to the Board's total compensation where the negative financial performance was due to non-compliance with the applicable regulations, omission or error by the Board.
- 6.5 Directors will be reimbursed all reasonable expenses incurred in carrying out their duties as a Director. Any such expenses should be submitted to the Board Secretary for payment.
- 6.6 If a Director wishes to undertake an activity which will lead to the incurring of an unusual expense, the Director should consult with the Chairman prior to such expense being incurred.

6.7 The remuneration and expenses paid to each Director will be disclosed in the annual report.

6.8 For further details, please refer to the Bank's Board remuneration policy [insert hyperlink]

## 7. Independence of Directors

7.1 Each Director must provide the Board with all relevant information to assess his independence.

7.2 The determination of independence of a Director will be made by the Board on the recommendation of the Nomination, HR & ESG Committee.

7.3 Unless otherwise approved by a competent authority, a Director shall lose his/her independence in the following cases:

- (a) If his/her tenure as an independent Director in the Bank exceeds the regulatory limit from the date of his or her appointment.
- (b) If he/she, or any of his/her First-Degree Relatives, has worked as Staff of the Bank or its subsidiaries during the past two years;
- (c) If he/she has worked for, or is a partner, in a company that performs consulting works for the Bank or the Group or he/she has acted in such capacity during the past two years;
- (d) If he/she has had any personal services contracts with the Bank or the Group during the past two years;
- (e) If he/she has been affiliated with any non-profit organization that receives significant funding from the Bank or the Group;
- (f) If he/she, or any of his/her First-Degree Relatives, has been a partner or employee of the Bank's auditor during the past two years;
- (g) If he/she, or any of his/her First-Degree Relatives, has or had any direct or indirect interest in the contracts and projects of the Bank or its subsidiaries in the past two years which exceed the regulatory minimums, unless such relationship is part of the nature of the Bank's business and involves no preferential terms;
- (h) If he/she and/or any of his/her First-Degree Relatives (individually or collectively) hold ownership interests in the Bank's capital directly or indirectly which exceed regulatory minimums (or is a representative of any such shareholder). capital.

7.4 The provisions in items 7.3 (b) to (h) above do not apply to Directors appointed by a Government shareholder.

## 8. Selection Appointment and re-election of Directors

8.1 All candidates for Board membership will be subject to a Fit and Proper Process to ensure they have sufficient competence, knowledge and experience to effectively carry out their duties. All candidates shall be assessed against the approved fit and proper criteria.

8.2 The Directors shall be elected by resolution of the other shareholders. In particular, the Nomination, HR & ESG Committee may consider the candidate's profile and experience and the specific requirements of the Board at that time. Votes shall be cast for such candidates by shareholders by means of cumulative voting.

- 8.3 In the event of a vacancy, the Board, assisted by the Nomination, HR & ESG Committee, may identify candidates with the appropriate expertise and experience, using external consultants and/or placing advertisements, as appropriate. The most suitable candidate will be appointed by the Board within a maximum period of 30 days but must stand for election by the shareholders at the next annual general meeting to confirm such candidate's appointment or appoint another instead.
- 8.4 The Bank will provide a formal letter of appointment for each Director setting out provisions pertaining to, including but not limited to, their duties, responsibilities and, compensation
- 8.5 For further details, please refer to the [insert link to the Fit and Proper Policy].

## 9. Resignation of Directors

- 9.1 A Director shall cease to be a Director if he/she resigns in writing from his/her position and shall be deemed to have resigned in the following instances:
- (a) If he/she absents himself/herself from more than three consecutive (or five non-consecutive) Board meetings without a justifiable excuse acceptable to the Board during the term.
  - (b) If he/she holds in his/her personal capacity or as representative of any corporate persons the position of a member of Board with any other commercial bank operating in the UAE.
  - (c) If he/she is convicted of any crime or other offence involving dishonesty or immorality unless reinstated or following receipt of an amnesty from the applicable authorities.
  - (d) If he/she is declared bankrupt or ceases to pay his/her commercial debts, even if the same has not resulted in the announcement of their bankruptcy.
  - (e) If he/she discloses to any third party any information detrimental to the Bank's interests which he/she became aware of in the course of his/her being a Director.
  - (f) If he/she is dismissed pursuant to the provisions of the Bank's Articles of Association.
  - (g) If he/she is not re-elected after the expiry of their term of membership.
  - (h) If he/she is dismissed by a resolution adopted by the Bank's general assembly.
  - (i) If he/she dies or becomes legally incapacitated.
  - (j) If his/her membership is contrary to the provisions of the Companies Law, Corporate Governance Regulations or any other law or regulation.
- 9.2 In the event of resignation, a Director should provide a written statement to the Chairman identifying his/her concerns, for circulation to the full Board.
- 9.3 The general meeting shall have the right to dismiss any Director and elect new members.. Upon resignation/removal of a Director, the Bank must inform the Competent Authority.
- 9.4 A Director dismissed under this provision shall not be eligible to become a Director of the Bank for a period of 3 years after his dismissal.

## 10. Induction and Training



- 10.1 The Nomination, HR & ESG Committee of the Board, working with Senior Management, will provide an induction programme for new Directors in order to assist them in fulfilling their duties and responsibilities. The programme will include discussions with the Group Chief Executive Officer, Senior Management and the internal and external auditors ( if required), the provision of reading material, tutorials and workshops. These will include information about Directors' rights, duties and responsibilities, the Bank's strategic plans, its significant financial, accounting and risk management issues, its compliance programmes, its corporate governance manual and framework, its Code of Conduct, and its management structure as well as an overview of the regulatory environment applicable to the Bank, including the Corporate Governance Regulations.
- 10.2 At the request of the Nomination, HR & ESG Committee, Senior Management will conduct additional presentations for Directors from time to time regarding the Bank, the factors impacting, or likely to impact, its businesses, and designed to assist the Directors in gaining a broader understanding and knowledge of the Bank. Directors are also encouraged to keep up to date on relevant topical issues.
- 10.3 The Board will dedicate sufficient time, budget, and other resources for the purpose of induction programmes and trainings and draw on external expertise as needed.
- 10.4 The Board will annually review its training program to ensure that Directors acquire, maintain and enhance knowledge and skills relevant to their responsibilities.

## **11. Access to independent professional advice**

- 11.1 The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at the Bank's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.
- 11.2 Any Director shall have the right to request the opinion of an independent consultant, at the Bank's expense, in relation to any of the Bank's affairs, subject to avoidance of any conflict of interest.

## **12. Board performance and Director evaluation**

- 12.1 The Board will annually review and evaluate the performance of the Board and Board committees. This assessment will involve consideration of all of the Board's key areas of responsibility, and will specifically review areas where the Board and/or management contribution may be improved.
- 12.2 At least once every year, a review will be conducted of the performance and contribution to the Board of each Director.
- 12.3 The Board will also annually review and evaluate the performance of the Board committees, the Senior Management of the Bank, the relationship between the Board and management, and matters of general corporate governance.
- 12.4 The Nomination, HR & ESG Committee will recommend to the Board the performance criteria (both measurable and qualitative) to be considered in these evaluation processes. An external independent consultant will be brought in periodically to review and make recommendations on any aspect of the Board's activities and performance.
- 12.5 The Bank will include in the corporate governance section of its annual report a statement as to whether a performance evaluation for the Board, Board Committees and individual Directors has taken place in the reporting period and how it was conducted. A description of the process for performance evaluation of the Board, the Board committees and individual Directors will be made publicly available and updated as required, by posting it on the Bank's website in a clearly marked corporate governance section.
- 12.6 Please refer to Boards' Performance Evaluation Policy for further detail [insert hyperlink].

## **13. Access to management**



13.1 Directors will have complete and open access to members of management following consultation with the Chairman and the Chief Executive Officer.

13.2 As an intrinsic part of the Board's responsibility of management oversight, Board committees, will regularly meet with individual Senior Management in accordance with their respective committee charters.

#### **14. Access to Board Secretary**

All Directors shall have direct access to the Board Secretary.

#### **15. Codes of Conduct**

15.1 The operations of the Bank are governed by the Bank's Code of Conduct. The Bank's Code of Conduct is important and covers important aspects of daily banking and financial service practices.

15.2 Professional conduct rules and other internal policies and principles shall be adopted by the Bank as to fit its objectives and purpose and comply with applicable laws and regulations. In performing their tasks, the Directors must comply with such rules.

15.3 The Bank's Code of Conduct includes the requirement that the business be conducted ethically and with professionalism to achieve the highest standards of behaviour.

15.4 The Bank's Code of Conduct applies to all Senior Management and employees of the Bank, as well as to temporary workers and other independent contractors and consultants when engaged by or otherwise representing the Bank and its interests. In addition, the Board has adopted a Director's Code of Conduct which conforms to relevant regulatory requirements and duly considers best practices. The Director's Code of Conduct describes the standards of behaviour expected from all Directors of the Bank. It sets out the rules applicable in matters of professional ethics and behaviour.

15.5 Director shall, during the exercise of their powers and performance of their tasks, behave ethically and professionally, always taking into consideration the Group's and shareholders' interests, and take such due care, diligence and skill as would be taken by a professional person in similar circumstances, and comply with all applicable laws, regulations and decisions as well as the Bank's articles of association and bylaws.

15.6 For further details, please refer to the Directors' Code of Conduct.

15.7 All changes to this Manual must be approved by the Board.

#### **16. Confidential information**

16.1 Directors shall regard the confidentiality of information as highly important and ensure that internal control systems are monitored and employee integrity is fostered to ensure that confidential information is not improperly disclosed outside the Bank or used for individual personal gain.

16.2 When the Directors are serving on the boards of other companies and undertaking private transactions, they are to have regard to their confidentiality obligations to the Bank at all times.

#### **17. Conflicts of Interest**

17.1 Directors must not have any conflict of interest that may impede their ability to perform duties independently and objectively, or be subject to any undue influence from:

- (a) other persons/business;

- (b) previous or current positions held;
- (c) personal, professional or other economic relationships with other Directors or Senior Management; or
- (d) other entities within the Group.

17.2 Once appointed, every Director shall disclose all actual or potential conflicts to the Bank.

17.3 A Director who has any direct or indirect interest or duty which conflicts or may conflict with the interests of the Bank relating to any contract or other transaction made or proposed to be made with or by the Bank, must give the other Directors notice of such interest. Such notice should be confirmed in writing.

17.4 This notification shall be recorded in the Board's conflicts register and the meeting minutes and the Director having such interest may not be counted in the quorum for the matter at hand nor be permitted to take part in the discussion or voting. If he/she does vote, his/her vote shall not be counted.

17.5 If a significant conflict of interest with a Director exists and cannot be resolved, the Director is expected to tender his resignation after consultation with the Chairman.

17.6 A Director may not participate in any business that may be in competition with the business of the Bank without prior authorisation from the Board and, where appropriate, the shareholders.

17.7 Certain financial services may be provided to Non-Executive Directors under terms and conditions that would normally apply to the public. The granting of any financial services to a Director is subject to all applicable laws and regulations.

17.8 For further details, please refer to the Board's Conflict of Interest Policy [include link].

## **18. Liability of Directors**

18.1 The Bank shall be bound by the actions of the Board within the limits of the Board's authority and shall be liable to compensate for loss or damage arising from breach of the Companies Law, the Bank's articles of association, the SCA regulations, the Central Bank's regulations or any other illegal acts committed by the Directors in the course of their management of the Bank. The Directors shall not be held personally liable in connection with the Bank's undertakings by reason of them having carried out their duties provided that they do not exceed the scope of their authorities.

18.2 Directors shall be liable toward the Bank, the shareholders and third parties for all acts of fraud, power abuse, violation of the Companies Law, the SCA regulations, the Central Bank's regulations, or the Bank's articles of association and acts of mismanagement in accordance with the provisions of the Companies Law.

## **19. Restrictions on share dealings by Directors**

19.1 Directors are subject to the restrictions contained in all applicable laws and regulations on applying for, acquiring and disposing of securities in, or other relevant financial products of, the Bank (or procuring another person to do so). If a Director proposes to trade in the Bank's securities and is unsure of the obligations placed on him/her by virtue of applicable laws and regulations and the rules of the Bank, then he/she must consult with the Board Secretary regarding such matters prior to trading. Directors should also notify the Board Secretary after conclusion of the trade.

- 19.2 Directors may only trade in the Bank’s securities (subject to applicable laws) during periods which are not ‘closed’ or ‘blackout’ periods as defined by the SCA regulations and notified by the Bank’s Compliance Department or the Board Secretariat team from time to time. Likewise, the Director should seek clarification from the Board Secretary should the Director have concerns or be unsure about a particular trade.
- 19.3 Directors must not trade in the shares of any other entity if inside information on such entity comes to the attention of the Director by virtue of holding office as a director of the Bank.
- 19.4 Directors shall be required to sign a declaration confirming their understanding of the relevant laws and regulations regarding insider dealing, as well as the consequences of leaking confidential information or data or giving advice on the basis of such information or data in his / her possession and to commit to notify the Bank about any trades in Bank securities (both before and after such trades).

## 20. Notifications

Before 1st January each year, the Bank must provide the relevant Competent Authority with a detailed list , of the names of the Directors, their capacities and nationalities. The Bank shall immediately advise the relevant Competent Authority of any changes to the list during the course of the year.

## 21. Communications

The Board believes that the Chairman, Vice Chairman and Senior Management speak for the Bank. Individual Directors are expected not to meet or otherwise communicate with representatives of the press without prior consultation with the Chairman and the Group Chief Executive Officer.

## 22. Review and administration of this Charter

The Board of Directors shall review this Charter on a regular basis and at least once every two years and amend it if and when required.

## 23. Definitions

In this Policy: :

“Bank”	means Emirates NBD PJSC;
“Board”	means the Board of Directors of the Bank;
“Chairman”	means the Chairman of the Board;
“Vice Chairman”	means the Vice Chairman of the Board;
“Central Bank”	means the Central Bank of the United Arab Emirates;
“Chief Executive Officer” or “CEO”	means the chief executive officer appointed by the Board;
“Controlling Shareholder”	means a shareholder who has the ability to directly or indirectly influence or control:

	<p>(a) the appointment of the majority of the Board; or</p> <p>(b) the decisions made by the Board; or</p> <p>(c) the decisions made by the general assembly of the Bank, through the ownership of a percentage of the shares or stocks or under an agreement or other arrangement providing for such influence;</p>
“Corporate Governance Regulations”	means all applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank’s Corporate Governance Regulations and Standards for Banks (Circular No.: 89/2019 dated July 18, 2019) and the Securities and Commodities Authority (SCA) Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020, regarding the Approval of the Public Joint-Stock Companies Governance Guide;
“Companies Law”	means UAE Federal Law No. 32 of 2021 concerning Commercial Companies (and its amendments from time to time);
“Competent Authority”	means the local authority concerned with the affairs of the Bank in the relevant emirate;
“Duty of Care”	means the duty to decide and act on an informed and prudent basis with respect to the Bank;
“Duty of Confidentiality” of	means the duty to observe confidentiality which applies to all information of a confidential nature with which a Director is entrusted by the Bank or which is brought to his or her attention during or at any time after the carrying out of his/her assignment;
“Duty of Loyalty”	means the duty to act in good faith in the interests of the Bank. The duty of loyalty should prevent individual Directors from acting in their own interests, or in the interests of another individual or group, at the expense of the Bank and shareholders;
“First Degree Relatives”	means a person’s parents, siblings and children;
“Fit and Proper Policy”	means the Fit and Proper Policy adopted by the Bank (as updated from time to time);
“Fit and Proper Process”	means the evaluation of an individual proposed as a member of the Board and/or as a member of the Senior Management as to expertise and integrity;
“Group”	means a group of entities which includes: <ul style="list-style-type: none"> <li>(a) the Bank;</li> <li>(b) any Controlling Shareholder of the Bank;</li> <li>(c) any subsidiary of the Bank; or</li> <li>(d) any affiliate, sister company, or joint venture of the Bank;</li> </ul>
“Independent Director”	means a Director who is assessed as independent pursuant to the Corporate Governance Regulations;
“Non-Executive”	means a Director who does not have any management responsibilities within

Director”	the Bank, and may or may not qualify as an Independent Director;
“Pillar 3”	means Pillar 3 disclosure requirements - the consolidated and enhanced framework issued by the Basel Committee on Banking Supervision in March 2017 and any subsequent revisions;
“Related Parties”	means: (a) the Group; (b) the Directors and their First Degree Relatives; (c) Senior Management and their First Degree Relatives; and (d) any person(s) with control, joint control or significant influence over the Bank, and their First Degree Relatives;
“Related Party Transactions”	means any on-balance sheet and/or off-balance sheet commercial or financial transaction with a Related Party or an unrelated party that subsequently becomes a Related Party, and includes without limitation any service contract, asset purchase and sales, construction contracts, lease agreements, derivative transactions, borrowings and write-offs;
“Risk Governance Framework”	means the framework through which the Board and Senior Management establish and make decisions about the Bank’s risk approach; articulate and monitor adherence to the risk appetite and risk limits relative to the Bank’s strategy; and identify, measure, manage and control risks;
“Senior Management”	means the executive management of the Bank responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank;
“Staff”	means all persons working for the Bank including the members of Senior Management, except for the Board; and
“Stakeholder”	means any person who has an interest in the Bank, including shareholders, Staff, creditors, clients, suppliers and investors or potential investors.

## SCHEDULE 1: SPECIFIC REGULATORY REQUIREMENTS<sup>2</sup>

1. Approve and annually review a mortgage lending policy.
2. Ensure that security values are assessed using appropriate criteria and in a suitable manner.
3. Obtain the approval of the Bank's general assembly, in the presence of the Bank's external auditors, in case the Bank is obliged to book interest due from an exposure to a Director in a suspense account, and related to another Director and/or to make a bad debt provision, and/or to write off an exposure, either partly or fully.
4. Ensure adequate governance structures and control processes for all financial instruments that are measured at fair value for risk management and financial reporting purposes.
5. In cases of the Board's non-approval of the Audit Committee's recommendations on the election, appointment, resignation or dismissal of the external auditor, the Board shall include in the Bank's annual governance report, a statement articulating such recommendations and the reason(s) behind the Board's disapproval thereof.
6. Review and monitor processes for the documentation and regular review and updating of the Bank's risk profile.
7. Approve and monitor the policy for mapping the Bank's business lines into the regulatory business lines defined by the Central Bank for the purpose of calculating the minimum capital required for operational risk.
8. Establish and annually review the Bank's strategies, policies and processes for the management of market risk and ensure they are consistent with the Bank's risk appetite statement, risk profile, systemic importance and capital strength while taking into account market and macroeconomic conditions and the risk of a significant deterioration in market liquidity.
9. Ensure that periodic gap analysis is conducted to assess any additional controls that need to be put in place.
10. Ensure the efficiency of internal controls throughout the Bank, including the management of finances and operations.
11. If at any point the Board ceases to have a majority of UAE nationals, then the Board shall ensure that such majority is reinstated within a period of not more than three (3) months from such time. If the Board fails to reinstate the majority of UAE nationals on the Board, then all decisions of the Board after the expiration of such three (3) month period shall be void.
12. Each committee shall regularly submit reports to the Board about its activities and shall deliver a written report annually.

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<sup>2</sup> Added for information purposes only