

# **Emirates NBD Bank PJSC**

## **Directors' Remuneration Policy**

## 1. Purpose

The objective of this Policy is to set out to set out (a) the relevant laws and regulations for payment of remuneration to the Bank's Board members, and (b) the process for establishing and paying that remuneration for each financial year. The relevant laws and regulations are the (a) the Central Bank's Corporate Governance Regulations (Circular No.:83/2019 dated July 18, 2019), (b) the Central Bank's Corporate Governance Standards for Banks (related to Circular No.:83/2019 dated July 18, 2019), (c) the Securities & Commodities Authority (SCA) Chairman's Resolution No. 03/TM of 2020 Regarding the Approval of the Public Joint-Stock Companies Governance Guide and (d) the Commercial Companies Law (as defined below). Extracts from these laws and regulations are set out in Schedule 1.

## 2. Parameters for Board Remuneration

2.1 In accordance with the Corporate Governance Regulations, the Board shall:

- (a) receive compensation comprising of a fixed annual amount;
- (b) receive compensation relating to their service on the Board and on Board Committees with greater weight applied to chairing such board committees; Board Committee fees will be paid quarterly, or as otherwise agreed by the Board;
- (c) be reimbursed direct costs related to performing their duties; and
- (d) be provided with all the details of his/her compensation in the Director's appointment letter.

Such payments may include the value of other non monetary benefits, such as healthcare or insurance.

2.2 The total compensation provided to the Chairman and the Board shall neither:

- (a) exceed 10% of the Bank's net profit; nor
- (b) include bonus or any incentive-based mechanisms based on the performance of the Bank.

2.3 Negative financial performance or net loss reported by the Bank in a financial year should generally lead to a contraction of the Board's total compensation.

## 3. Process for approval of Board remuneration

3.1 The Board Nomination, Remuneration & ESG Committee will consider Board remuneration at the end of each financial year and make an assessment of a suitable level of remuneration to be paid considering the Bank's performance, the remuneration paid to directors by peer banks and relevant regulatory requirements. The Committee will then make a recommendation to the full Board as to the amount to be paid for the relevant financial year. If such recommendation is approved, it will be put to the Bank's annual general assembly for approval, following which the remuneration will be paid.

3.2 The Board Nomination, Remuneration & ESG Committee will also review the amounts paid to Board members for their service on Board committees on a regular basis and in all cases no less than once in every two years. In the event that the Committee recommends to make a change to such amounts, then the matter will be considered by the full Board. In the event that the full Board approves the recommendations of the Committee, the sums paid to Board members for their services on Board

## 4. Review and administration of the Policy

Board Nomination, Remuneration & ESG Committee shall review this Policy 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.

## 5. Updates

This Policy shall be revised as frequently as may be required by law or regulations.

## 6. 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;
“Central Bank”	means the Central Bank of the United Arab Emirates;
“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; and the Commercial Companies Law;
“Commercial Companies Law”	Means UAE Federal Law No. 32 of 2021 concerning Commercial Companies (and its amendments from time to time);

## SCHEDULE 1: EXTRACTS FROM THE LAWS AND REGULATIONS

### 1. CBUAE Corporate Governance Regulations Circular No. 83 dated July 18, 2019:

Article 12 (4) - Members of the Board must be compensated only with fixed compensation comprising the payment of an annual fixed amount and the reimbursement of directly related costs to the discharge of their responsibilities. Bonus or any incentive-based mechanisms based on the performance of the Bank must be excluded.

### 2. CBUAE Corporate Governance Standards Circular No. 83 dated July 18, 2019:

2.1 Article 12 (4) - The payment of the annual fixed amount to the Members of the Board should include a part relating to their service on the Board and another on the Board committees, with greater weighting applied to chairing committees. The payment may also include the value of other non-monetary benefits, e.g. insurance and healthcare. The contract signed by each Member of the Board must determine all the details of his/her compensation.

2.2 Article 12 (5) - Negative financial performance or net loss reported by a Bank in a financial year should generally 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 Regulations, omission or error by the Board.

2.3 Article 13 (1h) - Disclosure in the annual corporate governance statement must include, but not be limited to:... The individual compensation of the Members of the Board and key members of Senior Management.

### 3. SCA Chairman Decision no. (3/Chairman) of 2020:

3.1 Article 29 (1) - The remuneration of the Chairman and the Board Members shall represent a percentage of the net profit, provided that it does not exceed (10%) of the fiscal year profits upon deducting all of the consumption and reserves

3.2 Article 29 (2) - The Company may pay expenses, fees, additional bonuses or a monthly salary to the Board Members in accordance with the Policies suggested by the Nominations and Remunerations Committee, reviewed by the Board and adopted by the Company General Assembly, in the event that the Member works in any Committee, makes special efforts or does any additional work for the Company beyond their regular duties as a Member of the Company Board, and the attendance allowance may not be paid to the Chairman or Board Member for the Board Meetings.

3.3 Article 29 (3) - Fines shall be deducted from the remunerations of the Chairman and the Board Members, which have been imposed on the Company by the SCA or the Competent Authority due to violating the Board of the Companies Law or the Articles of Association of the Company during the ended fiscal year. The General Assembly may not deduct such fines or some of them in the event that such fines are not resulted of a Board failure or error.

#### 3.4 Article 77

(a) First: The company must submit a corporate governance report signed by the Chairman of the Board of Directors in accordance with the form prepared by the Authority and available on the Authority's website and the market.

(b) Second: The annual report shall include a report on companies governance that includes at least:

(i) ...

(ii) ...

(iii) ...

- (iv) ...
  - (v) ...
  - (vi) A statement of the details and reasons for any compensation and allowances received by each member of the Board of Directors and the committees emanating from the Council for the fiscal year<sup>1</sup>.
  - (vii) ...
  - (viii) Compensations of members of the Board of Directors and all members of the company's administrative apparatus, including bonuses and any incentive programs related to the securities issued or guaranteed by the company.
- (c) Third: The Board of Directors must make this report available to all the company's shareholders before submitting a request to the Authority to approve the holding of the annual general meeting.

#### **4. UAE Federal Law No. 32 of 2021 concerning Commercial Companies:**

##### Article 171

- 4.1 The articles of association (AOA) of the Company shall determine the way in which the remuneration of Directors is to be calculated, provided that it does not exceed [10 %] of the net profit for the fiscal year then ended, after the deduction of depreciation and reserves.
- 4.2 Notwithstanding [the article] above, and subject to the controls to be issued by the SCA in this regard, any director may be paid a lump sum remuneration not exceeding [AED 200,000] two hundred thousand dirhams at the end of the fiscal year, provided that the Company's AOA so permits and that the General Assembly has approved the payment of such remuneration in the following cases:
- (a) If the company fails to make any profit;
  - (b) If the company makes a profit and the director's share of those profits is less than [AED 200,000] two hundred thousand dirhams, in which case, the remuneration and fees may not both be paid to a single director.
- 4.3 The fines imposed on the Company due to violations by the board of directors of the Law or the AOA of the Company during the fiscal year ended shall be deducted from the remunerations of the board of directors. The General Assembly may decide to not deduct such fines if it is convinced that they are not due to any negligence or error on the part of the board of directors.

**Note:** Pursuant to guidance issued by both SCA and the UAE Central Bank, in the event of any conflict between the SCA Guidelines on Corporate Governance and the UAE Central Bank's regulations and standards on Corporate Governance, then the UAE Central Bank's regulations and standards will prevail.

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<sup>1</sup> As per English translation of regs