

# **Emirates NBD Bank PJSC**

## **Corporate Governance Manual**

## 1. Purpose of the Manual

The Bank's Board is under legal and regulatory obligations to ensure full implementation and compliance with applicable corporate governance regulations and standards. Among other things, the Board:

- (a) Must ensure that the Bank and, if applicable, the Group has robust corporate governance policies and processes commensurate with its risk profile and systemic importance.
- (b) Is responsible for approving and overseeing implementation of the Bank's risk governance framework and the alignment of its strategic objectives with its risk appetite.
- (c) Is responsible for establishing and communicating 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, an insider trading policy and a strong internal control environment.
- (d) Is responsible for the organizational structure of the Bank and the Group, if applicable, including executing the key responsibilities of the Board and specifying the key responsibilities and authorities of its committees and senior management.
- (e) Is responsible for overseeing senior management, ensuring that the Bank's activities are carried out in a manner consistent with the business strategy, risk governance framework, compensation and other policies approved by the Board.
- (f) Is responsible for establishing a fit and proper process for the selection of senior management, including the heads of the risk management, compliance and internal audit functions, and the maintenance of succession plans for senior management.

## 2. Corporate Governance Model

2.1 The Bank is committed to good corporate governance, to provide a basis for its future development and corporate performance, to support trust in its activities as a recipient of depositors' funds and shareholders' capital, and to enable it to contribute to the successful development of the financial system of the UAE. Accordingly, the Board has resolved to adopt this Manual, which conforms to relevant regulatory requirements and duly considers international best practices in corporate governance. The guiding principles of the Bank's corporate governance activities are fourfold:

- (a) responsibility including for the clear division and delegation of authority;
- (b) accountability in the relationships between the Bank's management and the Board, and between the Board and the shareholders and other stakeholders;
- (c) transparency and disclosure to enable stakeholders to assess the Bank's financial performance and condition; and
- (d) fairness in the treatment of all stakeholders.

2.2 The Bank shall maintain compliance with the UAE Central Bank Regulations and Standards at all times. In particular, the Bank considers the 'Corporate Governance Principles for Banks' published by the Basel Committee on Banking supervision to be important guidelines in establishing a robust governance framework. This edition of the Bank's Manual replaces all prior versions. In line with the Bank's continued commitment to development, this Manual will be kept under review, and will be amended as required from time to time to meet the changing needs and expectations of the Bank and the marketplace

2.3 The Bank's corporate governance structure is based on the three lines of defense model, as explained below:

- (a) Three lines of defense:

The Bank operates the three lines of defense model which ensures clear division of responsibilities between day to day operations, monitoring and oversight as well as independent assurance. The three lines of defense are:

- (i) First line of defense which includes business, treasury, operations and IT functions, and they are responsible for identifying, assessing and mitigating risk on a daily basis.
  - (ii) Second line of defense includes Risk, Control and finance functions which provide effective challenge to the first line to ensure risks are identified and effective controls are established. The Compliance function ensures that all internal policies and relevant regulations are adhered to in the conduct of business.
  - (iii) Third line of defense is supported by Internal Audit which independently reviews control design, operations and effectiveness of first and second lines of defense.
- (b) This Manual sets out four broad tiers/levels of roles:
- (i) Board: The Board has the ultimately responsibility for ensuring that an appropriate and effective governance framework is established and maintained to manage and control the Bank's activities.
  - (ii) Board-level and senior management committees: The Board delegates authority to committees and establishes standards for the control and governance of the Bank. Committees have responsibilities and authorities as defined in their charters.
  - (iii) Functions: Individual functions perform business and control activities, which are compliant with all internal policies, procedures, guidelines, external laws and regulations.
  - (iv) Individuals: The role of certain of the executive and heads of function are articulated.

### **3. The Board of Directors – General Duties**

- 3.1 The Board shall be responsible for the overall direction, management, supervision and control of the Bank. The Board shall perform and carry out all duties assigned to the Board pursuant to the Bank's Memorandum and Articles of Association, as amended from time to time
- 3.2 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 must undertake a critical assessment of the consequences of such actions, taking into consideration, among other factors, the opportunities for and risks to the Bank.
- 3.3 The Board shall oversee succession planning, including the appointment, training and monitoring of the Chief Executive Officer and other senior executive officers of the Bank.
- 3.4 Together with the Senior Management, the Board shall oversee and approve the Bank's goals and objectives and assess the Senior Management against these goals and objectives. This is to be done by.
  - (a) Meeting regularly with senior management;
  - (b) Critically reviewing and challenging explanations and information provided by Senior Management;
  - (c) Setting appropriate performance and compensation standards for Senior Management consistent with the long-term strategic objectives and the financial soundness of the Bank; and
  - (d) Assessing whether Senior Management's collective knowledge and expertise remain appropriate given the nature of the business and the Bank's risk profile.

- 3.5 Furthermore, the Board shall review and approve the financial statements of the Bank on a quarterly basis before they are disclosed to the market.
- 3.6 The Board, after consulting the Senior Management of the Bank, shall issue an internal control system for the purpose of assessing the methods and procedures for the management of risks to which the Bank is exposed as well as the proper application of governance therein.
- 3.7 The Board shall periodically discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board through a self-assessment/evaluation process
- 3.8 For more details please refer to this website [Board Performance Self Assessment](#).

#### **4. Board Composition**

- 4.1 Through the composition of the Board, the Bank intends to have an optimal mix of skills, competencies, diversity and experience.
- 4.2 To foster an independent element within the Board, it is the aim of the Board to ensure that it comprises Independent Directors meeting at least the minimum regulatory requirements in place from time to time.
- 4.3 Directors will serve for a period of three years and will then be required to resubmit for re-election or re-appointment.
- 4.4 Directors should be and remain qualified, individually and collectively, for their positions. They should understand their oversight role and be able to exercise sound, objective judgement about the affairs of the Bank.
- 4.5 The Board has adopted a process for selection and appointment of [Directors Board Charter](#) and [Fit & Proper Policy](#). This includes a review of (a) candidates' experience, knowledge, skills and independence of mind, (b) candidates' record of integrity and good repute, and (c) candidates' time available to carry out their duties. Further details are set out in the Board Charter and Fit & Proper Policy.
- 4.6 The Board will devote time, annually, to devising appropriate training programs for its members.

#### **5. Board Training and Induction**

- 5.1 The Board shall ensure that all new Directors receive a comprehensive orientation program to fully understand the role of the Board and its committees. The program shall comprise of a comprehensive Directors' induction pack, meetings with other Directors and senior management, training on the duties and responsibilities of Directors, details of the Bank and its financial position and accounts, and relevant laws, regulations, codes and guidelines.
- 5.2 The Bank will provide Directors with opportunities to update and develop their skills and knowledge through internal and external seminars, regular presentations from senior management, and relevant reading materials. Training may be provided through various external providers to source suitable tailored training sessions, as required.

#### **6. Board Meetings and Practices**

- 6.1 Board meetings take place on a regular basis, usually between six and eight times a year, or more where so required. In order to ensure that a full range of topics is considered, it is the Bank's practice to schedule specific topics to be highlighted at each meeting and a rolling agenda is prepared for this purpose. The attendance of individual Directors is recorded and also made public in the annual report.
- 6.2 The Bank's policy is that the Board should include a strong, challenging, and independent element in order that it can exercise objective judgment. Through the participation of the Independent Directors and the conduct of the meetings of the Board, guided by the Chairman, the Board maintains a level of checks

and balances to balance the influence of all parties including Senior Management and significant shareholders, and ensures that decisions are taken in the Bank's interests.

- 6.3 The Bank will aim to provide adequate information to Directors sufficiently in advance of meetings to enable them to reach informed decisions.
- 6.4 The Bank believes that the role of Board secretary is an important one. In addition to the arrangement of Board meetings and the taking of meeting minutes, the responsibilities include ensuring that Board procedures are followed; that information is conveyed between the members of the Board, members of the Board Committees and management; that the Board receives advice on all governance matters; that resolutions are clear and unambiguous; and that individual Directors receive advice and support. To ensure the independence of the Board secretary, the appointment and remuneration of the Board secretary is a matter reserved for the Board as a whole.
- 6.5 A written record of Board discussions, resolutions, and Directors' votes is to be kept by the Board secretary.
- 6.6 It is a key responsibility of Directors to ensure they be kept informed of developments within the Bank, and in the banking industry as a whole, both local and international. Accordingly, the Bank provides Directors with appropriate orientation and briefings on joining the Board and throughout their tenure, as the Directors and the Board request. In addition, the Bank will maintain a secure electronic portal through which all Directors are able to access relevant documentation relating to Board meetings, meetings of management committees, available training courses, and other matters of reference.
- 6.7 The categories of transactions that require Board approval (including loans larger than a set amount, or transactions with related parties) will be clearly defined in writing in the Board Committee and Management Committees' terms of reference.
- 6.8 Individual Directors have independent access to management, and in particular the Committees of the Board will have access to management.
- 6.9 The Bank has drawn up an organisation chart, showing lines of reporting and authority.

## **7. Directors' Duties and Activities**

- 7.1 Directors shall discharge their duties with all due professional care, skill and diligence, and use reasonable endeavors to promote the interests of Bank and its Group companies.
- 7.2 So as to respect the principles of good corporate governance, Directors shall have due regard to accepted principles of good corporate governance for financial institutions and the obligations contained in any applicable UAE law, and any corporate governance codes issued by the UAE Central Bank and the Securities and Commodities Authority. As per guidance issued by both the Securities and Commodities Authority and the UAE Central Bank, the UAE Central Bank Corporate Governance Regulation and Standards shall prevail in case of any conflict.
- 7.3 Directors shall make reasonable enquiries of the Bank, diligently analyze information and make use of their expertise in setting strategies and monitoring the activities of the Bank, and to generally discharge their duties honestly and in good faith, and in the best interests of the Bank. Directors shall undertake sufficient preparation and shall act in a business like manner during Board processes.
- 7.4 Appointment of GCEO: The Board's policy is to appoint a GCEO with integrity, technical competence, and experience in banking.
- 7.5 Self-assessment and management performance appraisal:
  - (a) The Board oversees an evaluation process, including an assessment of the performance of the Board as a whole and individual Directors, at least once a year. An external facilitator conducts

the performance appraisal periodically (as required by regulation), unless otherwise exceptionally recommended by the Governance Committee and approved by the Board.

- (b) The Board supervises the performance appraisal of the Senior Management, including the GCEO.

#### 7.6 Planning, controls, ethics, conflict of interest policy:

- (a) The Bank has established its business objectives, and accordingly draws up a strategy for achieving them. The Board is required to approve the objectives, and the strategy, and the Board ensures that performance against plan is reviewed and that corrective action is taken as needed. The Bank's budgeting process is part of the short term planning and performance measurement.
- (b) The Bank's planning process includes a plan for the development of the Bank's capital position, with stress-tested and alternate scenarios under different business and economic conditions as appropriate, and with guidelines for setting the amount of dividends paid to shareholders.
- (c) The Board shall ensure that the Bank maintains a high degree of integrity in its operations. Formal policies on ethics, share dealings and code of conduct have been established and are required to be assented to by all employees and these have been published. The Bank has also established a formal conflict of interest policy for the Board to ensure that all decisions are made in the best interests of the Bank.

### **8. Role of Chairman of the Board**

- 8.1 In order to promote an independent element within the Board, and frank and open discussion on key issues, the position of Chairman is separated from that of GCEO. According to the Bank's articles of association, the Chairman is elected from among the Directors of the Bank.
- 8.2 The Chairman plays a crucial role in the proper functioning of the Board. The Chairman provides leadership to the Board and is responsible for its effective overall functioning including maintaining a relationship of trust with the Directors.
- 8.3 The Chairman promotes a constructive relationship between the Board and the Senior Management.
- 8.4 The Chairman promotes a culture in the boardroom that encourages constructive criticism and alternative views on the issues under consideration, and consequent discussion and voting on individual questions.
- 8.5 Subject to exceptions provided in the Bank's articles of association and Commercial Companies Law, the Chairman shall preside over Board meetings, including general meetings, and ensures proper conduct of business at such meetings.
- 8.6 The Chairman ensures that the Board members promptly receive all information which is necessary for the proper performance of their duties, and further, that the Board members follow their induction, education and training programs.

### **9. Board Committees**

- 9.1 The Board is ultimately responsible for the conduct of the Bank's affairs, but for greater efficiency, Board Committees have been set up with formally-delegated objectives, authorities, responsibilities, and tenure. The Board Committees regularly report to the full Board.
- 9.2 The Board has established Board Committees to assist it in carrying out its responsibilities. These include the Audit Committee, the Nomination, HR & ESG Committee, the Risk Committee and the Credit and Investment Committee. The purpose, powers, duties and responsibilities of each Committee are set out in separate terms of reference for each respective Committee, which are published on the Bank's website.

- 9.3 There is a formal and transparent process for appointments to the Board Committees, their mandates and membership (including members who are considered to be independent) which is disclosed in the Bank's annual report and on the Bank's website. The members of the Board Committees are appointed by the Board, with due consideration of any recommendations of the Nomination, HR & ESG Committee, where appropriate, and with due consideration of the Bank's articles of association, regulatory requirements and Best Practices.
- 9.4 Each Board Committee has direct access to appropriate members of the Senior Management, in accordance with the provisions of its respective charter.
- 9.5 Each Board Committee has access, as required, to external resources, including independent professional advisors, to enable it to adequately fulfil its mandate.
- 9.6 A written record of Board Committee discussions, resolutions, and Directors' votes is kept by the committee secretary.
- 9.7 The Board Committees and their purposes are as follows:
- (a) Audit Committee
- (i) In accordance with the Best Practices, the Bank's Audit Committee is comprised of Independent or Non-Executive Directors. The Chairman shall not be a member of the Committee. The Chairman of the Committee should be an Independent Director. Membership of the Audit Committee is disclosed in the annual report.
- (ii) In accordance with the applicable regulations, the Audit Committee must include members who collectively have suitable experience.
- (iii) The Audit Committee reviews, and reports to the full Board on, amongst other things:
- (A) the Bank's quarterly and annual financial results prior to publication or distribution;
- (B) the accounting judgments that are intrinsic to the financial statements;
- (C) the Bank's internal controls and, in consultation with management and the external auditors, the integrity of the Bank's financial reporting processes and controls;
- (D) any significant findings of the external auditors together with management's responses;
- (E) the scope, results, and adequacy of the Bank's internal and external audits;
- (F) any significant changes to the Bank's accounting principles, and any items required to be communicated by the external auditors;
- (G) any requisite third-party opinions on the design and effectiveness of the overall risk governance framework and internal control system;
- (H) the objectivity of the external auditors; and
- (I) other non-audit work performed by the external auditors so as not to compromise the auditors' objectivity.
- (iv) The Audit Committee recommends to the Board the appointment or the removal, the remuneration, and other contractual terms of the external auditors.

- (v) The Audit Committee has the ability to obtain any information from management, and may require that any member of management or Director attend its meetings.
  - (vi) Each of the Bank's external auditors and its internal auditors will be available for meetings with the Audit Committee, without (other) management being present, as required by the committee. The Bank considers that a strong and open relationship between the Audit Committee and these two audit functions is critical to its successful functioning.
  - (vii) The Audit Committee has specific responsibility for the oversight of the compliance function in the Bank.
  - (viii) The Bank recognises that the Audit Committee does not substitute for the responsibilities of the Board or the Bank's management for the supervision and adequacy of the Bank's internal control systems.
- (b) Nomination, HR & ESG Committee
- (i) With effect from the Bank's AGM in 2023, the Nomination, Remuneration and ESG Committee shall comprise at least three Directors. The Chairman and members may be Non Executive or Independent. The Chairman may not be a member of the Committee. Membership of the Committee is disclosed in the annual report. The Nomination, HR & ESG Committee should be constituted in a way that enables it to exercise competent and independent judgment on compensation policies and practices and the incentives created for managing risk, capital and liquidity.
  - (ii) The Nomination, HR & ESG Committee may review all candidates for Board appointments, duly considering their abilities and qualifications and, for re-nomination, their attendance, the quality and extent of their participation in Board meetings. 'Qualifications' includes academic record, experience, professional qualifications, skill, independence, and other senior appointments and company directorships. The Committee also considers candidates' records of integrity and availability to carry out the duties of a Non-Executive Director. In accordance with the Bank's articles of association and the law, a Director is appointed for a three-year term.
  - (iii) The Nomination, HR & ESG Committee makes the determination of whether a Director is 'independent' in accordance with the Bank's guidelines for 'independence', relevant legislation, regulations and Best Practices.
  - (iv) The Nomination, HR & ESG Committee is responsible for overseeing the preparation and delivery of orientation and background briefing materials for new Directors.
  - (v) The Nomination, HR & ESG Committee recommends to the Board the remuneration of each Director and the GCEO. The Nomination, HR & ESG Committee also reviews the remuneration of other Senior Management.
  - (vi) The Bank's remuneration of Non-Executive Directors takes into account the amount of time they give to the Bank, as well as the extent of their responsibilities and both international and domestic benchmarks and practices.
- (c) Risk Committee
- (i) With effect from the Bank's AGM in 2023, the Risk Committee is comprised of a majority of Independent Directors. Certain key members of Senior Management are required to attend meetings of the Risk Committee, including the GCEO, GCFO, the GCRO and the Head of Credit. This composition ensures that the Risk Committee stays fully informed of the developments in the Bank's risk management functions. The Committee shall include members with experience in risk management issues and practice.

- (ii) The Risk Committee makes regular reports to the full Board.
- (iii) The Risk Committee is responsible for:
  - (A) approving exposures beyond limits delegated to Management;
  - (B) advising the Board on the Bank's risk appetite;
  - (C) overseeing Senior Management's implementation of the Bank's Risk Appetite Statement (RAS), monitoring the state of risk culture in the Bank, and interacting with and overseeing the GCRO; and
  - (D) providing oversight of the strategies for capital and liquidity management, as well as for all relevant risks of the Bank, such as credit, market, operational, compliance and reputational risks, to ensure they are consistent with the stated risk appetite.
- (iv) The Risk Committee shall meet periodically with the audit and other risk-relevant committees to ensure effective exchange of information and effective coverage of all risk, including emerging risks and any needed adjustments to the risk governance framework of the Bank in light of its business plans and the external environment.

## **10. Governance of the Group**

- 10.1 The Board has overall responsibility for the Bank and for ensuring that there is a clear governance framework appropriate to the structure, business and risk of the Group and its Subsidiaries. The Board and Senior Management are required to know and understand the Bank's operational structure and the risk that it poses. The Board shall ensure that a governance structure is established on a Group level to address the following areas:
- (a) to define the roles and responsibilities of specific functions on the Group level taking into account the complexity and significance of the individual entities;
  - (b) to have an appropriate Group management structure and internal control framework which takes into account the material risks to which the Group and its individual entities are exposed to;
  - (c) that the Group's corporate governance framework includes adequate policies, processes and controls and addresses risk management across the entities;
  - (d) that the Group's corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions;
  - (e) that there are Board-approved policies and clear strategies for establishing new structures and legal entities, which ensure that they are consistent with the policies and interests of the Group;
  - (f) that there are effective systems in place to facilitate the exchange of information among the various entities, to manage the risks of the individual entities as well as of the Group as a whole, and to ensure effective control of the Group; and
  - (g) that there are sufficient resources to monitor the compliance of all entities with all applicable legal, regulatory and governance requirements.
- 10.2 The Board is responsible for being aware of the material risks and issues that might affect both the Bank as a whole and its Subsidiaries. It should exercise adequate oversight over Subsidiaries while respecting the independent legal and governance responsibilities that might apply to Subsidiary boards.

## **11. Key functions of the Bank**

## 11.1 Risk Management

- (a) To support the Board's overall responsibility for identifying, monitoring and ensuring that adequate risk control measures are in place, the Bank adopts a multi-faceted approach:
  - (i) the Board and the Committees delegate some of their authorities to management as deemed appropriate;
  - (ii) the Banks' internal control systems, which include internal and external audit, noted below; and
  - (iii) the Bank has a separate risk management department which separates the function and responsibility of reviewing and monitoring risk from the risk-taking business units of the Bank. The GCRO heads the risk management department.
- (b) To ensure its independence, the GCRO and risk management department report directly to the Risk Committee and on a day-to-day operational basis to the GCEO. Only the Board may appoint or remove the GCRO to and from office.
- (c) The GCRO's performance, compensation and budget should be reviewed and approved by the Risk Committee or the Board.
- (d) Specific responsibilities of the Bank's risk management department include:
  - (i) analysis of credit risk, market risk, and operational risk;
  - (ii) development, updating and implementation of policy guidelines, risk strategies, risk systems & tools;
  - (iii) development of methodologies for the measurement and control of each type of risk;
  - (iv) setting of limits and approval, reporting and recording of exceptions to policy;
  - (v) provision of information on risk metrics and on the Bank's risk profile to Senior Management and to the Board (the Risk Committee reviews the risk statistics of the Bank, both qualitative and quantitative, on a quarterly basis) and to external stakeholders such as rating agencies, etc.;
  - (vi) development of a method to identify and measure hard-to-quantify risks such as reputational risk;
  - (vii) independent input and oversight of the provisioning policies, processes and adequacy of specific and collective provisions;
  - (viii) compliance with regulatory guidelines, Anti Money Laundering (AML), Know your customer (KYC) norms and reporting of suspicious activity to the management, UAE Central Bank and the Audit Committee;
  - (ix) control liquidity/funding risks and capital adequacy issues, in close conjunction with the finance and treasury functions and, in conjunction with the treasury function, develop a formal contingency funding plan which sets out the strategies for addressing potential liquidity shortfalls in times of crisis;
  - (x) provision of risk information for use in the Bank's public statements and reporting; and
  - (xi) enabling the Risk Committee as well as the Audit Committee to effectively discharge their responsibilities as listed in their respective terms of reference

- (e) The functions of the risk management department are complemented by the Bank's management committees, including the Risk Committee and the assets & liabilities committee.

## 11.2 Oversight of Strategy & Performance

### (a) Setting & monitoring strategy

- (i) The Bank's strategic direction is set by the Board; however, key members of Senior Management participate in the process of setting strategy. A strategy meeting is held at least once annually offsite prior to the Bank's first presentation of the budget for the following year.
- (ii) The Board concentrates on the forward-looking strategic direction of the Bank and not on operational issues.
- (iii) The Board ensures effective oversight of the Bank's strategy by assessing the Bank's past operational and financial performance for a given period or periods against (a) the Bank's agreed-upon strategy for the same timeframe(s); (b) the KPIs set for the period under review and approved by the Board; and (c) the performance of its key competitors.

### (b) Performance Objectives

- (i) The Bank ensures that it adheres to a clear process, led by the GCEO, through which the performance objectives of the Bank (and its top executive team) are set for the coming year. KPIs are focused and well-articulated performance metrics against which management's performance can be tangibly measured by the Board.
- (ii) The Bank's performance objectives reflect the strategic direction endorsed by the Board.
- (iii) Once approved by the Board, Senior Management are responsible for ensuring that the KPIs are embedded throughout the organization.

### (c) Budget process

- (i) The Bank ensures that it abides by a clear budget policy and procedure.
- (ii) The budget process enables the Board to conduct an effective and timely review of the draft budget proposed by management and, to this end, requires the management to make its budget presentation to the Board.
- (iii) The Bank's budget process reflects the strategic direction endorsed by the Board.

## 11.3 Control Environment

### (a) Internal controls

- (i) The Board is responsible for ensuring that the Bank establishes and maintains internal controls suitable for its business.
- (ii) The Bank's structure of internal controls is reviewed at least once a year, by internal and external auditors.
- (iii) The Bank has a compliance function reporting to the GCEO (and a right of direct access to the Board or the Board audit committee and/or Board risk committee), which monitors compliance with applicable laws and regulations, as well as the Bank's internal policies and procedures.

(b) Internal Audit

- (i) The internal audit function provides an independent assurance to the Board and supports the Board and Senior Management in promoting an effective governance process and the long term strategies of the Bank.
- (ii) The Bank's policy is that its internal audit function should be adequately resourced, trained, remunerated, be provided full access to Bank records and staff members and be given sufficient standing and authority within the Bank to adequately carry out its tasks.
- (iii) The internal audit function reports to the Audit Committee and acts in consultation with the GCEO. This reporting structure is intended to ensure independence and balance the function's capacity to monitor as well as obtain in-depth information on the effectiveness of controls and processes. To promote independence, internal audit staff do not also have operational responsibilities.
- (iv) Internal audit is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are to be reported to the Audit Committee.
- (v) Internal audit reports may be discussed with the departments and operational units being reviewed, but the internal audit function is permitted to operate and make reports without outside influence or interference.
- (vi) The internal audit function has responsibility for review of
  - (A) the Bank's financial reporting;
  - (B) compliance with external laws and regulations;
  - (C) compliance with the Bank's internal policies; and
  - (D) risk focused audits, and compliance with the Bank's risk and credit policies and guidelines.
- (vii) The internal audit function provides a periodic assessment of the Bank's overall governance framework including, but not limited to, an assessment of:
  - (A) the effectiveness of the risk management and compliance functions;
  - (B) the quality of risk reporting to the Board and Senior Management; and
  - (C) the effectiveness of the Bank's system of internal controls.

(c) External Audit

- (i) The Audit Committee is responsible for recommending to the Board the appointment, re-appointment, and rotation of the auditing firm and/or the principal partner in charge of the Bank's audit to the Board.
- (ii) The principal reporting line of the external auditors is to the Audit Committee. The external auditors meet the Audit Committee regularly, without management present, when financial results are presented for the Committee's approval, and attend Audit Committee and, where required, Board meetings

**12. The Board Secretary**

The Board shall from time to time appoint a person, other than a director, to act as the secretary of the Board. The secretary's activities and compensation shall be determined by a resolution of the Board. The secretary of the Board of Directors may not be dismissed except by a resolution of the Board.

### **13. Disclosure and transparency**

- 13.1 The Bank believes that the governance of the Bank should be adequately transparent to Stakeholders.
- 13.2 The Bank monitors 'Best Practices' in financial reporting by its comparable local and international peers. The Bank's Senior Management reports on these developments to the Board, and makes recommendations for the regular enhancement of the Bank's own disclosure practices.
- 13.3 The Bank recognises its obligation to provide meaningful information on its activities to shareholders, depositors, financial market counterparts, regulators, and the public in general. The Bank also has a duty to gather input on its activities, and to address shareholder concerns. The Bank discloses such information on a timely basis, and makes it available to all.
- 13.4 The Board accepts responsibility for the Bank's financial statements and the contents of the annual report, for their accuracy, and for their completeness.
- 13.5 The Bank commits to developing and maintaining the following information channels with its shareholders, investors, financial market counterparts, and the public in general:
- (a) professionally-staffed investor relations function that provides comprehensive, objective, and up-to-date information on the Bank, its financial condition and performance, and its activities;
  - (b) annual report, produced promptly after the end of the financial year;
  - (c) quarterly reports, providing quarterly financial information and the Board's report on the Bank's trading position and financial condition during the year;
  - (d) regular meetings between Senior Management, investors and shareholders; and
  - (e) regular briefings by Senior Management, especially the GCEO and the GCFO, for shareholders, financial market analysts, and financial journalists.
- 13.6 Information provided through the Bank's annual report, or its quarterly reports, and the text of any public presentations given by executives, is made available to interested parties both in writing through the Bank's investor relations function and, in a timely manner, on the Bank's website, in both Arabic or in English, as appropriate.
- 13.7 In its annual reports and quarterly reports, the Senior Management shall include commentary that assists investors to understand current and future operating results and the financial condition of the Bank, including the possible impact of known trends, events and uncertainties. The Bank commits to ensuring that such commentary is reliable, complete, fair balanced, understandable and is grounded in the Bank's financial statements as reported. The commentary comprises non-financial as well as financial information about the Bank.
- 13.8 As part of its commitment to transparency and full disclosure, the Bank includes in its annual corporate governance report, amongst other things, the following information:
- (a) material information on the Bank's objectives, organizational and governance structures and policies;
  - (b) major share ownership and voting rights;
  - (c) Related Party Transactions;

- (d) the recruitment approach for the selection of the Directors and for ensuring an appropriate diversity of skills, backgrounds and viewpoints;
- (e) education and experience of the Directors and key members of Senior Management;
- (f) key governance principles comprised within the Bank's incentive and compensation policies including the decision-making processes used, key design characteristics and aggregate quantitative information on compensation;
- (g) in the manner and to the extent required by regulation, the compensation of Directors and Senior Management;
- (h) information on the policy and actual figures of female candidates' consideration and representation on the Board;
- (i) key points concerning its risk exposures and risk management strategies without breaching necessary confidentiality including:
  - (i) the applicable corporate governance rules;
  - (ii) the self-evaluation approach of the Board performance;
  - (iii) internal audit procedures and the scope of their full application by the Board;
- (j) information on the purpose, strategies, structures, and related risks and controls of material and complex or non-transparent activities;
- (k) forward looking statements and foreseeable risk factors;
- (l) the names of the Directors, the Chairman, the Vice-Chairman and other persons occupying main jobs in the Bank, a brief biography of each director including his or her qualifications and experience, and the identification of the Independent Directors as well as other positions in the Board or Senior Management they hold in other companies or institutions;
- (m) Committees and Directors of the Board, the authorities and assignments entrusted thereto and activities carried out during the year;
- (n) number of meetings held by Board and Board Committees as well as names of the attendees;
- (o) the names of the major shareholders who directly or indirectly own more than five percent of the Bank's shares in addition to a brief summary of the changes in the Bank's capital structure; and
- (p) a statement of the Bank's Board of Directors and the first grade management as stated in the organizational structure of the Bank and their functions and dates of appointment.

#### **14. Outsourcing**

The Bank must have appropriate policies and processes in place to assess, manage and monitor outsourced activities. Any outsourcing arrangements entered into by a Bank must be subject to appropriate due diligence, approval and ongoing monitoring in order to identify and mitigate risks inherent to outsourcing. The Bank has in place an outsourcing policy, which ensures the bank's compliance with relevant outsourcing laws and regulations

## 15. Treatment of Shareholders

- 15.1 All Directors should be present at the annual general meeting, and are invited to address relevant questions from shareholders.
- 15.2 Representatives from the external auditors should be present at the annual general meeting to answer questions about the audit and their auditors' report.
- 15.3 The Bank assigns separate resolutions for separate issues that are raised at the annual general meeting, with voting on each.
- 15.4 As required by the Bank's articles of association, appointment of the Bank's Directors and auditors is confirmed by voting at the annual general meeting.

## 16. Amendments

- 16.1 Recognizing that the best practices for the Board and practical considerations will change over time, the Board will monitor developments in these areas and will amend this Manual as it deems appropriate and conduct a review at least annually.
- 16.2 All changes to this Manual must be approved by the Board.

## 17. Definitions

In this Policy: :

"Affiliate"	means any entity owned by another entity by more than 25% and less than 50% of its capital
"Audit Committee"	means the Board's Audit Committee.
"Bank"	means Emirates NBD PJSC;
"Board"	means the Board of Directors of the Bank;
"Best Practice"	means best practices in corporate governance as determined by the Board from time to time including regulatory requirements applicable to the Bank
"Chairman"	means the Chairman of the Board;
"Chief Executive Officer (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 the appointment of the majority of the Board; or the decisions made by the Board; or 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;
"Directors"	means members of the Board;

“Group”	a group of entities which includes an entity (the “First Entity”) and;  (a) any Controlling Shareholder of the First Entity;  (b) any Subsidiary of the First Entity or of any Controlling Shareholder of the First Entity; and  (c) any Affiliate, joint venture, sister company and other member of the Group.
“GCEO”	means Group Chief Executive Officer;
“GCFO”	means Group Chief Financial Officer;
“GCRO”	means Group Chief Risk Officer;
“Independent Director”	means a director who is independent as defined by applicable legislation and Best Practices as assessed by such criteria as the Board may consider appropriate or relevant;
“KPIs”	means the Bank’s key performance indicators, as assessed by the Board;
“Manual”	means this Corporate Governance Manual;
“Nomination, HR & ESG Committee”	means the Board Nomination, Remuneration & ESG Committee;
“Non-Executive Director”	means a director who neither dedicates his activity on a full time basis to the management of nor receives a monthly or yearly salary from the Bank:
“Related Parties”	means the Group and its Controlling Shareholder, Directors and Senior Management (and their first-degree relatives) and persons with control, joint control or significant influence over the Bank (and their first-degree relatives);
“Related Party Transactions”	means transactions which are, including but not limited to, on-balance sheet and off-balance sheet credit exposures and claims as well as dealings such as service contracts, asset purchases and sales, construction contracts, lease agreements, derivative transactions, borrowings and write-offs. The term ‘transaction’ incorporates not only transactions that are entered into with Related Parties but also situations in which an unrelated party subsequently becomes a Related Party (and any disclosures must reflect all Related Party events and transactions for the financial period);

"Risk Committee"	means the Board's Risk Committee;
"Senior Management"	means the senior management of the Bank;
"Stakeholders"	means any person who has an interest in the Bank, including shareholders, staff, creditors, clients, suppliers, investors and potential investors; and
"Subsidiary"	means 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