



**Gulf International Bank B.S.C.**

# **GIB BSC Corporate Governance Policy**

Policy Owner	Legal and Governance Unit
Approved by the Board of Directors:	26 September 2023



**Gulf International Bank B.S.C.**

# Introduction

## Background

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Corporate governance is central to the effective and efficient running of any organization. It shapes everything from long-term direction to everyday operations and plays an important part in long-term success of the bank. The Board of Directors, Senior Management and all employees of Gulf International Bank B.S.C. are committed to ensuring effective governance and observing a high standard of behavior and conduct to maintain the corporate governance and regulatory compliance.

Governance primarily ensures how firms are run and controlled and the decision-making process. The focus starts with the shareholders, the board, board committees and senior management. In return, this ensures that management and leadership at all levels are governed in an effective manner as a result of the governance oversight from the highest levels. Governance is also concerned with the structures of responsibility and the flows of information. Therefore, effective systems and controls to manage governance are vital. This holistic approach has a significant impact within the Bank's culture.

## Purpose

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This Policy outlines the corporate governance framework of Gulf International Bank B.S.C. ("GIB" or "the Bank") and the main principles for promoting sound corporate governance practices at GIB, that reflect the corporate governance requirements of the Central Bank of Bahrain ("CBB"), to the extent that these requirements do not contradict with the provisions GIB's Agreement of Establishment.

This Policy has been articulated in accordance with:

- GIB's Agreement of Establishment approved by Decree Law No. (3) for the year 1975 which includes the Bank's Articles of Association, and its subsequent amendments ("Articles of Association").
- The Central Bank of Bahrain's Rulebook, as amended from time to time ("CBB Rulebook").
- Bahrain Commercial Companies Law, as amended from time to time ("Companies Law").

To the extent not covered in this Policy, the relevant provisions of GIB BSC's Articles of Association, the Bahrain Commercial Companies Law, the CBB Rulebook and any updates thereto which may come into effect from time to time shall be applied and deemed an integral part of this Policy.

## Definitions

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### **Approved person(s)**

An 'approved person' is an individual that requires regulatory approval to perform one or more activities - called 'controlled functions'. This includes but is not limited to board members and individuals occupying executive positions.



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### Articles of Association

The main legal document establishing a corporation, outlining its structure, management and objectives.

### Conflict of interest

A situation when a person or an entity has competing professional or personal obligations to other parties in non-financial or financial transactions (e.g., underwriting a securities transaction and simultaneously advising clients whether to buy the security or not) or in ongoing financial relationships (e.g. when a bank has a director of one of its major borrowers on its board), or personal or financial interests that would make it difficult to fulfil his duties fairly.

### Controller

A controller is a natural or legal person who either alone, or with his associates:

- (a) Holds 10% or more of the shares in the Bank, or is able to exercise (or control the exercise) of 10% or more of the voting power in the Bank; or
- (b) Holds 10% or more of the shares in a parent undertaking (defined hereinbelow) of the Bank, or is able to exercise (or control the exercise) of 10% or more of the voting power in the Bank; or
- (c) Is able to exercise significant influence over the management in the Bank or the parent undertaking.

### Connected person(s)

- (a) The individual's spouse and his/her son, adopted son, stepson, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, stepbrother, sister or step-sister, under his/her guardianship or control; or
- (b) A firm or corporation in which the individual or any persons mentioned in (a) has control of not less than 10% of the voting power in the firm or corporation, whether such control is exercised individually or jointly; or
- (c) Connected persons in relation to a firm or corporation means another firm or corporation in which the first-mentioned firm or corporation has control of not less than 10% of the voting power in that other firm or corporation.

### Directors

A person who acts in the capacity of director of a firm (whether appointed or not, or whether titled director or not). In the case of a sole trader, unincorporated body or partnership, a person directing its affairs, or a partner (of a partnership). Directors are a controlled function.

### Executive director

Means a director who is an officer or employee, or is otherwise involved in day-to-day management, of either:

- (a) The bank.
- (b) Another company which is a controller of the bank.
- (c) Another company of which the bank is a controller; or
- (d) Another company which is controlled by a controller of the bank.



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In this definition, the word "company" which is a controller of the bank excludes sovereigns such as government owned entities and government ministries.

### Family

The term family refers to father, mother, spouse, sons, and daughters.

### Independent director

Under Module H Can 'independent director' is a director whom the board has specifically determined has no material relationship which could affect his independence of judgment, taking into account all known facts. The board should consider that, although a particular director meets the formal requirements, he may not be independent owing to specific circumstances of the person or the bank, ownership structure of the bank, or for any other reason. The board's determination should be a good faith finding after diligent review and full discussion.

As per formal Requirements. 'Independent director' means a [director](#) of the bank who, or whose family shareholders either separately or together with him or each other, does not have any material pecuniary relationships or transactions with the bank (not counting director's remuneration for this purpose) and in particular who, during the one year preceding the time in question met all the following conditions:

- (a) Was not an employee of the Bank;
- (b) Did not:
  - (i) Make to, or receive from, the bank payments of more than 31,000 BD or equivalent (not counting director's remuneration);
  - (ii) Own more than a 10% share or other ownership interest, directly or indirectly, in an entity that made to or received from the bank payments of more than such amount;
  - (iii) Act as a general partner, manager, director or officer of a partnership or company that made to or received from the bank payments of more than such amount;
  - (iv) Have any significant contractual or business relationship with the bank which could be seen to materially interfere with the person's capacity to act in an independent manner,
- (c) Did not own directly or indirectly (including for this purpose ownership by any family member or related person) 5% or more of the shares of any type or class of the Bank;
- (d) Was not engaged directly or indirectly as an auditor or professional advisor for the Bank, and
- (e) Was not an associate of a Director or a member of senior management of the Bank.
- (f) Was not an associate of a Director, member of senior management or board member of the Bank's controller.
- (g) Serve three consecutive terms on the Board.

For purposes of this definition, the 'payments' referred to in paragraph (b)(i), (b)(ii) and (b)(iii) do not include monies received from dividends, deposits, investments and credit facilities arising from the bank's normal business activities, but instead ordinarily refer to monies received (and/or payable during the period in question) for services rendered to the bank by the director or company concerned, or paid (or payable) by the concerned director or company to the bank for services provided by the bank. The CBB may in its absolute discretion vary any such requirement (and/or restrictive effect thereof) in writing on a case-by-case basis.

Dividends, deposits, investment accounts and credit facilities are to be considered under item (b)(iv) of this definition.

For the purpose of the definition of "independent director":

- (a) Where the term "family" or "family member or related persons" is used reference is made to: spouse, father, mother, son(s) or daughter(s); and
- (b) Where the term "associate" is used reference is made to:
  - (i) Spouse, father, mother, son(s) or daughter(s); or



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(ii) A person who is an employee or partner of the Director or of the firm represented or owned by the Director.

### **Non-executive director**

Individual director who is not considered as an executive director.

### **Parent or Parent Undertaking**

An undertaking or individual ("Parent"), which has the following relationship to the Bank:

- (i) Parent holds (alone or, under an agreement with other shareholders) a majority of the voting rights in the Bank;
- (ii) Parent (alone or in conjunction with its other subsidiary undertakings), has the right to appoint or remove a majority of its board of directors;
- (iii) Parent has the right to exercise a dominant influence over the Bank, either through provisions contained in the Bank's memorandum or articles, or a control contract; or
- (iv) Parent is a parent undertaking of a parent undertaking of the Bank.

### **Remuneration**

Means all types of compensation including but not limited to salary (fixed and variable bonus), fee and non-cash benefits such as health insurance, car housing, education, grants of stock, stock options or pension benefits.

### **Shareholders**

- a) In relation to a share which is represented by a bearer certificate, the person who holds the certificate.
- b) in relation to a share that is not represented by a bearer certificate, the person whose name is entered on the register in relation to the share.

### **Succession plan**

A plan developed by the Bank that would lay down the Bank's strategy with respect to succession of various senior management or board positions within the Bank.

### **Confidential Information**

Means any information that is not readily available to the public whether related to the Bank or its employees, senior management, and all those who work for and on behalf of the Bank (whether permanent, temporary, contractors, consultants, agents or interns) (collectively known as "Business-As-Usual Resources" or "BAU") or stakeholders, it includes, without limitation, non-public:

- Sensitive information received from or about a director, a BAU resource, a consultant or other business partner of the Bank;
- Proprietary information about the Bank's own business or financial condition, including information posted on the Bank's internal websites and not publicly disclosed; or
- Data and knowledge that has been created or developed by the Bank or by any of its BAU resources, representatives, directors, agents (or suppliers) or that has otherwise become the property of the Bank.

**Non-Public Information** means any information that has not been disseminated or is not available to the marketplace in general. All information of a non-public nature relating to GIB, its business, staff, activities, operations, and its clients, in whatever form, including information communicated verbally, documented, electronically shared, or any other way of representing or recording information which contains or is derived or copied from such information.

### Scope

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This Policy applies to GIB BSC's Board of Directors, Senior Management and the Management Committees listed hereto.

Reference to the Shariah Supervisory Board is included for transparency purposes only, as matters pertinent to the Shariah Supervisory Board shall be governed and regulated by virtue of the Bank's Shariah Governance framework which includes the Shariah Board's Charter.

### Review and Update

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The Board of the Bank is ultimately responsible for the supervision and management of the Bank's Corporate Governance. The minimum frequency for reviewing this Policy is annually . Additional reviews will be conducted subject to any regulatory or statutory updates.

The Board Secretary shall act as the Custodian of the Corporate Governance Policy, performing the amendments to comply with regulatory requirements, or as approved by the Board or its delegated committee, or for process enhancement purposes. All amendments shall be circulated internally with the relevant stakeholders, and ultimately approved by the Board of Directors.

## Board Governance Model

### GIB Governance Structure

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The Corporate Governance Policy has been developed to promote the appropriate functioning of the Board of Directors and its Board Committees, Senior Management and Management Committees to ensure effective and efficient governance of the Bank.

GIB's corporate governance framework consists of two main parts:

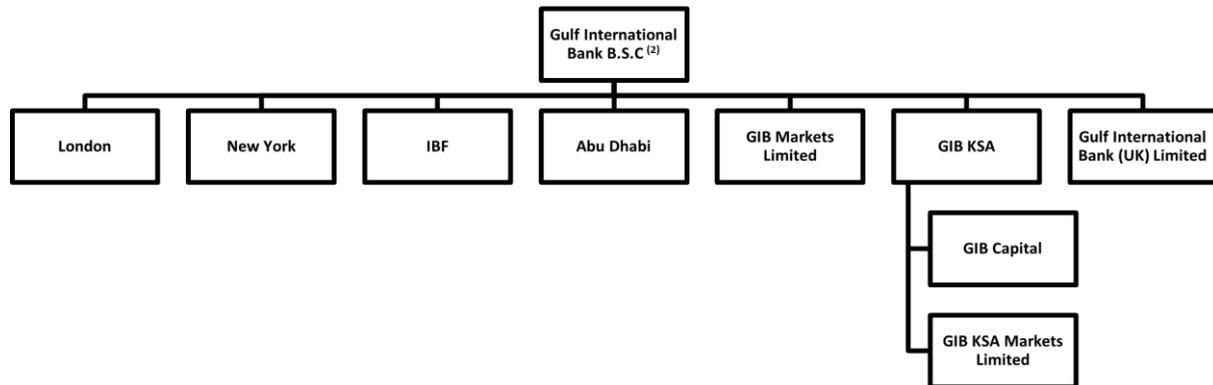
- a) GIB's Corporate Structure (see figure 1) which outlines GIB Group's principal subsidiaries and branches.
- b) The board governance structure (see figure 2) describes which Board Committees exist and their interrelation.
- c) The corporate governance principles and processes describing the governance model of the Bank.

The Board of Directors ("Board") of GIB is ultimately responsible for ensuring that adequate, effective, comprehensive and transparent corporate governance process is in place.

#### Figure 1: GIB Corporate Structure

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The following chart shows the organisation of the GIB Group's principal subsidiaries and branches(1):

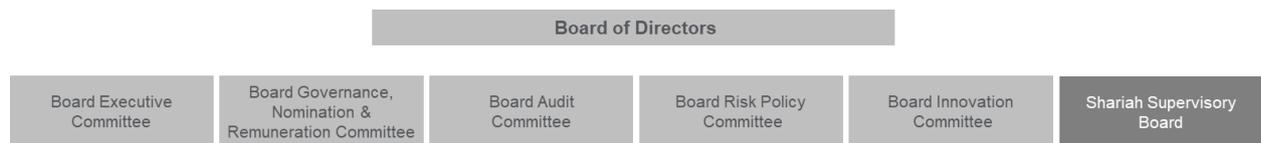


(1) Excludes special purpose companies and non-principal subsidiaries.

(2) Gulf International Bank B.S.C. operates four international branches; London (UK), Abu Dhabi (UAE), New York (U.S.) and IBF (International Bank Facility) (U.S.) as well as a representative office in Dubai (UAE).

GIB's Subsidiary Corporate Governance Policy outlines the corporate governance framework of the GIB Group Subsidiaries and the main principles for promoting sound corporate governance practices across the GIB Group. The Subsidiary Corporate Governance Policy is to be read in conjunction with this Policy, and shall govern how corporate governance principles and practices can be cascaded, consistently and effectively, from GIB BSC down to the level of its subsidiaries, to the extent that such principles and practices do not conflict with the relevant rules and regulations in the jurisdiction where the subsidiaries operate.

**Figure 2: Board Governance Structure**



### Corporate Governance Principles

- **Principle 1 The Bank Shall be Headed by an Effective, Collegial and Informed Board**
- **Principle 2 The Directors and Officers Shall have Full Loyalty to the Bank**
- **Principle 3 The Board Shall Have Rigorous Controls for Financial Audit and Reporting, Internal Control, and Compliance with Law**
- **Principle 4 The Bank Shall have Rigorous Procedures for Appointment, Training, and Evaluation of the Board**
- **Principle 5 The Bank Shall Remunerate Directors and Officers Fairly and Responsibly**
- **Principle 6 The Board Shall Establish a Clear and Efficient Management Structure**



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- **Principle 7 The Bank Shall Communicate with Shareholders, Encourage Their Participation, and Respect Their Rights**
- **Principle 8 The Bank Shall Disclose its Corporate Governance**

The Formal Board Charter as reviewed and approved annually by the Board of Directors identifies the parameters of applying the aforementioned principles within the corporate governance structure of the Bank.

### Board Governance Model

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#### Board of Directors

##### Composition

Members shall be appointed for a term of three years, in accordance with the Articles of Association and in line with CBB regulations pertaining to the Board's composition. The membership of the Board shall include less than half of the members classified as executive directors and no less than one third of the members classified as independent directors.

In accordance with Article 17 of the bank Article of Association, the Board shall elect from amongst its Directors by secret ballot a Chairperson and Vice Chairperson who shall hold office for a term of three years. The Chairperson or vice Chairperson of the board must not be the same person as Chief Executive Officer.

The Board must comprise of individuals with a balance of skills, diversity and expertise, who individually and collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Bank.

The Board shall appoint a Secretary of the Board who shall have responsibility for reporting to the Board on Board procedures.

##### Role and Responsibilities of the Board

The Board sets the strategic direction of GIB and is ultimately accountable and responsible for the performance and affairs of the Bank. In general, it has the power of supervision of the affairs of GIB. It approves the implementation of appropriate strategic decisions, determines key policies and processes to ensure the integrity of GIB's risk management and internal controls, oversees the performance by the management of established goals, monitoring conflicts of interest and preventing abusive related party transactions and assuring equitable treatment of shareholders including minority shareholders.

Amongst other things, the Board:

- Sets the tone for a culture of integrity and compliance throughout the Bank by ensuring that the Board, Management and staff conduct their affairs with a high level of personal and professional integrity and in accordance with all applicable laws and regulations, as well as with the Code of Conduct of the Bank.
- Set the "tone at the top" and play a leading role in establishing the Bank's corporate culture and values and oversee management's role in fostering and maintaining a sound corporate and risk culture.
- Ensure that no individual or group of directors dominates the Board's decision-making and no individual or group has unfettered powers of decision.
- Approve and oversee the development of the Bank's strategy, business plans and budget, and monitor their implementation.
- Actively engage in the affairs of the Bank, keep up with material changes in the Bank's business and the external environment and act in a timely manner to protect the long-term interests of



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- the Bank.
- f. Consider the legitimate interests of the Bank's depositors, shareholders and other relevant stakeholders in their decision-making process.
  - g. Makes effective use of internal and external auditors as independent monitors of the Bank's affairs.
  - h. As appropriate and when needed by the Board, ensures that independent professional advice be taken, at the Bank's expense.
  - i. Reviews and endorses the Bank's succession plan, ensures appropriate resources are available, and minimizes reliance on key individuals.
  - j. Ensure GIB has a robust finance function responsible for accounting and financial data.
  - k. Ensure that sufficient time, budget and other resources are allocated annually for the Board members' induction programmes.
  - l. Understand their oversight and corporate governance role and be able to exercise sound, objective judgment about the affairs of the Bank.
  - m. Establish an adequate organisational structure that promotes accountability and transparency and facilitates effective decision-making and good governance throughout the Bank. This includes a clarity on the role, authority and responsibility of the various positions within senior management, including that of the CEO.
  - n. Maintain and periodically update its governance structure, organisational rules, by-laws and other similar documents setting out its organisation, rights, responsibilities and key activities.
  - o. Have the overall responsibility for the group and exercise adequate oversight over subsidiaries and overseas branches while respecting the independent legal and governance responsibilities that might apply to subsidiary Boards.
  - p. Approve the Group Sustainability Framework governing GIB's activities relating to sustainability.

The Board has the widest authority in managing the affairs of the Bank. The Board can delegate some of its decision-making authority and responsibilities to the CEO, other executive members or to one or more of its Committees. However, this doesn't relieve the Board of its full accountability, as it may not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place.

The responsibilities of the Board, as well as of those of the Directors, the Chairperson, and the Board Committees, are more fully set out in detailed Charter and Mandates approved by the Board that reflect to the extent possible the corporate governance requirements of the CBB.

Where the Board has serious reservations about the performance or integrity of a Board member, or he ceases to be qualified, the Board must take appropriate action and inform the CBB accordingly.

### **Role and Responsibilities of the Directors**

Each director must:

- (a) Understand the Board's role and responsibilities pursuant to the CBB Rulebook, the Commercial Companies Law and any other laws or regulations that may govern their responsibilities from time to time;
- (b) exercise their fiduciary and other duties of care, candor and loyalty to the Bank in accordance with local laws and regulations;
- (c) Consider themselves as representing all shareholders and must act accordingly; and
- (d) Ensure that they receive adequate and timely information before each meeting and must



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study the same carefully.

One of the key roles of a Director is to independently assess and question policies, processes and procedures, with the intent to initiate management action on issues requiring improvement.

Each Director has the obligation to act with honesty, integrity and in good faith with due diligence and care, with a view to the best interests of GIB, its shareholders and other stakeholders.

The Board Charter, as approved by the Board, requires each Director to exercise independence in his decision-making, and sets out in more detail the other responsibilities of Directors.

In addition, each Director receives upon his/her appointment as a member of the Board a Letter of Appointment reminding the Director that:

- e. Directors are responsible for contributing to the oversight of the Bank's affairs with the professionalism and integrity with the aim of achieving the strategic and financial objectives adopted by the Board;
- f. A key responsibility of the Board is to fill the gap between stakeholders (shareholders, employees, creditors, depositors, investment account holders, etc.) to whom the Board owes a duty of care, and Management, by monitoring Management closely on behalf of stakeholders;
- g. A detailed description of Directors' responsibilities is outlined in the Board Charter and in the Mandates of Board Committees, as adopted by the Board; and
- h. These responsibilities are to be carried out in line with the standards of the Code of Conduct adopted by the Board, the Principle of Business issued by the CBB, as well as this Policy.

Executive directors must provide the Board with all relevant business and financial information within their knowledge and must recognise that their role as a director is different from their role as a member of management.

Pursuant to the CBB Rulebook, the CBB may call upon each independent director at its discretion to have a general discussion on the affairs of the Bank.

Directors are required to step down if they are not actively participating in Board meetings.

### **Role and Responsibilities of the Chairperson**

The Chairperson must commit sufficient time to perform his/her role effectively.

The Chairperson must play a critical role in promoting mutual trust, efficient functioning of the Board, open discussion, constructive dissent from decisions and constructive support for decisions after they have been made.

The Chairperson presides at the meetings of the Board and ensures that the Board and its Committees function effectively and independently of management.

The Chairperson is responsible for the leadership of the Board and for the efficient functioning of the Board.



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The Chairperson shall ensure that all Directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary between meetings.

In terms of the Board decision making process, the Chairperson shall take an active lead in encouraging and promoting critical and objective discussion and ensure that dissenting views can be freely expressed, discussed and recorded in the minutes of the Board meeting.

The Chairperson shall ensure that Board decisions are taken on sound and well-informed bases.

The Chairperson shall maintain continuing personal contact with Controlling Shareholders to solicit their views and understand their concerns.

The Chairperson shall ensure that the views of shareholders are communicated to the Board as a whole.

The Chairperson shall discuss governance and strategy with controlling Shareholders (defined hereto as Controller). The Board shall encourage investors, particularly institutional investors, to help in evaluating the Bank's corporate governance.

The Chairperson shall represent the Bank before court and with third parties, and his/her signature shall be deemed to be that of the Board of Directors. He/she shall implement the resolutions of the Board and comply with its recommendations. In case of absence of the Chairperson or if he/she is unable to attend to her duties, the Vice Chairperson shall assume the Chairperson's responsibilities.

### **Board Code of Conduct**

The Board Code of Conduct ("Code" or "Code of Conduct") outlines the fundamental ethical principles and policies that the Board of Directors of GIB BSC (also known as the "Bank") must uphold. The Bank understands the value of moral conduct in upholding a sound, constructive, and effective work environment and demands the highest standards of ethical behaviour from its employees. In recognition of the pivotal role the Board plays in influencing the operation of an organisation, these high standards of integrity and ethical behaviour must apply to the Board. Through the development of the Code, the Bank aims to endorse and promote its commitment to honest, integral, and ethical conduct, including fair dealing and principled handling of conflicts of interest. The Bank also aims to promote compliance with the applicable laws, regulations, and industry best practice, as well as ensure the protection of the Bank's commercial interests, Confidential Information (defined below) and reputation. The Code shall apply to all members of the Bank's Board of Directors.

#### **1. Roles and Responsibilities**

Board Members agree to comply with the applicable obligations that arise during a Board Member's tenure and may continue after their resignation/termination from the Board. To the extent permitted by local law, such obligations that extend beyond the period of Membership include, the responsibility to return all Bank assets in their possession, to maintain the confidentiality of personal, proprietary or Confidential Information about the Bank or its clients, shareholders, vendors, supplier, business partners or employees, and to cooperate with any appropriately authorized internal or external investigations or litigation.

#### **2. General Guidelines**



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Board Members shall affirm on an annual basis that they have read, understood and will comply with the Code of Conduct at all times. Where training is required, Board Members are expected to complete such training on a timely basis.

### **3. Reporting Violations**

Board Members have a responsibility, and shall encourage management and staff, to raise concerns about any person's compliance with the Code of Conduct, Bank's policies, procedures, relevant laws and regulations, and a duty to report in good faith all actual or potential violations of the Code, policies, procedures and violations of law or regulations or misconduct or fraud. This shall be done in accordance with the Bank's Whistleblowing Policy.

### **4. Reporting Violations**

Board Members are responsible for understanding policies, procedures, local laws and regulation that apply to their duties regarding the Bank. If a Board Member finds he/she lack knowledge in a certain field, he/she shall be responsible for seeking advice on subjects where they do not have prior experience, are incapable of providing objective advice, or have suspicion about the topic.

### **5. Maintaining Integrity**

Board Members shall set the ethical tone within the Bank and shall act and encourage all management and staff to act ethically, honestly, responsibly and with integrity at all times, in accordance with the Code of Conduct, policies, applicable laws, rules and regulations. A Board Member must lead by example and conduct their own personal, financial and domestic affairs in such a way to ensure they are in no way connected with unethical behaviour.

### **6. Maintaining Integrity**

Board Members shall ensure that all their communications (through all methods), whether internal or external, must be truthful, accurate, respectful, complete and must not mislead others. Email communications and other forms of communications such as voice mail and memos are considered to be official records and, therefore, should only be used for conducting the Bank's business and for business contacts and should use a professional tone.

### **7. Adherence to Applicable Rules**

Board Members have a responsibility to adhere to the Bank's policies, procedures and comply with the Code of Conduct, Bank's policies, procedures and all applicable laws, regulations, and industry best practices ("Applicable Rules"). A Board Member's failure to comply with the Applicable Rules, knowingly or unknowingly, may result in immediate termination of Membership as well as exposing the Board Member to possible regulatory, civil and / or criminal penalties or legal action.

### **8. Bribery and Corruption**

Board Members are strictly prohibited from making, requesting or accepting, whether directly or indirectly, any form of bribery, kickback, payoff, commission, referral fee and any other improper payment, gift, contribution, benefit or any other inducement having a similar corruptive effect, whether in cash (including cash equivalent, cashable items or financial instruments of any kind) or any other form, for referring third parties to any person, organization or group doing business with or seeking to do business with the Bank.

### **9. Anti-Fraud**



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Board Members have a duty to comply with the Bank's Anti-Fraud Policy and all applicable laws and regulations. Board Members have a responsibility to report any suspicions that a fraud or an attempted fraud has been committed in accordance with the Bank's Whistleblowing Policy. In case of unfounded reports made in good faith, Board Members who reported such transactions and activities shall have no liability.

### **10. Anti-Money Laundering and Sanctions**

Board Members are required to follow Anti-Money Laundering policies, procedures and guidelines which are in line with the FATF recommendations and international best practice and prudence in this area and must comply with all applicable laws and regulations related to money laundering, terrorist financing and economic sanctions. Board Members should report all knowledge or suspicions of money laundering or terrorism financing to the relevant Money Laundering Reporting Officer (MLRO) or Deputy Money Laundering Reporting Officer (DMLRO). In case of unfounded reports made in good faith, Board Members who reported such transactions and activities shall have no liability.

### **11. Managing Conflicts of Interest**

Board Members have a duty to disclose and avoid to the extent possible any activity at the Bank or elsewhere which creates or appears to create a conflict of interest between a Board Member's own interests, whether individually or through association with other entities, and the interests of the Bank. Board Members must absent themselves from any discussion or decision-making that involves a subject where they are incapable of providing objective advice, or which involves a subject or (proposed) transaction where a conflict of interest arises.

### **12. Employment of Relatives**

Board Members shall act fairly in the treatment and selection of employees and should not take advantage through unjust practices. Employment of immediate family members or other relatives of the Bank's employees, whether on a full-time, part-time, or temporary basis, can create actual or perceived conflicts of interest. Subject to the above, if a Board Member is aware that such conflict exists or may exist in near future (e.g., during the course of interviewing, sourcing, selection or hiring), he/she are required to report this.

### **13. Treatment and Selection of Suppliers**

Board Members shall act fairly in the treatment and selection of suppliers and should not take unfair advantage through unjust dealing practices. All engagements, interactions and transactions with suppliers must be conducted in a fair and equitable manner at all times and the Board Members shall ensure that decisions are conducted on a strictly business basis; personal relationships must not affect a Board Member's ability to select a supplier.

### **14. Financial Affairs**

Board Members shall conduct their financial affairs responsibly and should settle their obligations towards the Bank and third parties in a prompt manner. Board Members agree to the Bank conducting a credit check of financial information on its Board Members prior to joining the Bank at any time after joining at its discretion, in accordance with local legal requirements.

### **15. Gifts, Entertainment and Hospitality**



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Board Members should avoid receiving, soliciting or offering any gift that is likely to conflict with or influence them in their role, responsibilities or decision-making process. The purpose of gifts, entertainment and hospitality in a commercial setting is to promote goodwill, not to garner unfair advantages. Subject to the aforementioned, if the refusal of gifts may offend the giver or in cases, where in the individual's judgment, it is clear that declining the gift may adversely affect the business relationship with the Bank, the Bank permits acceptance of gifts with a value exceeding a retail value of USD200 or equivalent in other currencies or in kind, over the course of a calendar year ("Nominal Value") taking into consideration the following:

- o Gifts shall not be cash in any way, or in the form of loans, shares or derivatives;
- o The gift and its value must be customary, depending on the occasion on which it was presented;
- o If the gift is a reduction or a waiver of fees, it must relate to an invitation to attend a conference or meeting that enhances knowledge and reflects positively on the Bank and does not result from a conflict of interest;
- o If the gift is not related to the Membership of the recipient of the gift in the Bank's Board or was given as a result of work in the Bank; or
- o If the gift presenter does not have a particular or general interest which he or she may request from the Bank or any of its Board Members.

If a Board Member accepts a gift, he/she must use the standard Declaration Form, to declare to the Bank any hospitality provided by third parties to them in connection with the Bank's relationship and where the monetary value of such hospitality exceeds the Nominal Value.

Subject to the above, gifts of up to Nominal Value, are permitted, provided they are given as a gesture of professional friendship and are not linked to any Bank commitment or as a reward in connection with a person conducting the Bank's business.

Further, the above provisions do not apply to corporate giveaways (bearing the Bank's logo or the trademark), in line with the generally accepted market practice.

### 16. Confidentiality

Board Members shall not disclose any Confidential Information in any way relating to the Bank, its business or customers outside of the Bank, both during their tenure as a Board Member and after their resignation/termination from the Board. Board Members may not, directly or indirectly, use, disclose or make available to anyone any Confidential Information, and will use such information solely for the purposes of discharging their Board duties. Notwithstanding the above, Board Members are permitted to disclose Confidential Information required by law, regulations or judicial proceedings, to authorities, to regulators or to a court of competent jurisdiction or where such information is in the public domain and is no longer confidential.

### 17. Protect GIB BSC Property

Board Members shall not take advantage of their Membership to gain, directly or indirectly, any personal advantage and shall ensure that their Board association, the Bank's assets and resources, are only used to achieve the Bank's purposes and objectives. Board Members must use and maintain the Bank's assets with care and respect whilst guarding against waste and abuse and must not:

- Use the Bank's resources in a way that would violate applicable laws and regulations or any of our policies;
- Use the Bank's proprietary equipment and property, including the Bank's intellectual property rights, for personal use;



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- Access, download, upload, save, send or use offensive materials or proprietary materials such as software, articles, photographs, pictures or graphs;
- Send the Bank's information to an external email address for any non-business purpose or to personal email accounts for any reason;
- Use, share or disclose non-public information gained in the course of their employment or other relationship with the Bank, whether for their own personal benefit or gain, or for any other reason, except in the legitimate course of doing business; or
- Use the Bank's communications, equipment, systems and services for personal use on external social media sites.

Board Members who incur expenses on behalf of the Bank must comply with the process set out in the relevant policies and procedures, are accurate and are submitted in a timely manner. This includes ensuring that all such expenses are for a valid business purpose and are reasonable in relation to the business requirements and the goods and / or services being provided.

### 18. External Representation

Board Members must avoid participating, directly or indirectly, in any public statement that make reference to the Bank or to its customers or that could lead people to think that they are expressing the views of the Bank, without the prior permission of the CEO or his delegate.

Subject to the foregoing, if any communication is required with any external parties, it shall be managed in a co-ordinated manner through an appointed spokesperson(s) as specified in the Bank's Corporate Communication Policy.

### 19. Separation of Responsibilities Between Board and Management

Board Members recognize that the Board and Management complement each other's responsibilities but do not interfere in one another's. Board Members should not interfere in executive responsibilities, except to monitor results and ensure that procedures are consistent with the Bank's internal policies and applicable laws/regulations as that contradicts sound governance practices.

## Insider trading Policy.

### I. Definitions for this Section:

**Front-running (or trading ahead)** occurs when a broker or adviser or trader times the purchase or sale of shares of a security for their own account so as to benefit from the price movement that follows execution of large customer orders. Front-running involves a trader taking a position in a security to profit from advance non-public knowledge of an imminent order that may affect the market price of that security. Front-running also impacts the execution of clients FX trades.

**Information Barriers** means internal organisational arrangements which serve as information barriers to control the flow of information within GIB, to prevent the misuse of Inside Information and to prevent the inappropriate or unauthorised communication of Inside Information. GIB prohibits anyone in the Inside Area or the source area from communicating Inside Information, however, obtained, to anyone in an area outside such area, whether or not such other area is an



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Inside Area or Public Area, unless required to in the necessary course of business for the source area to accomplish a legitimate business purpose.

**Inside Areas** means the business units and support units within the Bank that have access or that obtain Material, Non-Public Information or Inside Information for the purpose of undertaking a specific assignment, or the areas of GIB that routinely have access to such information are considered as "Inside Areas". Units that are engaged in transaction, processes or reporting shall also be considered as Inside Areas.

**Insider** means any board members who has obtained Insider Information:

- By virtue of their employment or profession
- Being an officer or shareholder of the issuer of the securities or
- through illegal means
- A person may be an insider if they are already aware that such information is classified as Inside Information even though none of the above applies to them.

All persons (including GIB's Board of Member, Chief Executive Officers, Senior Management, Members of various committees formed by the Bank and other such forums) who have access or come into possession of Material, Non-public information or Inside Information before its public release are considered Insiders irrespective of whether they are Insiders or employees from Inside Areas.

Any areas within GIB that are privy to inside information of another entity within the GIB Group would be considered an inside area with respect to such entity. The Heads of Business / Support Units or areas within the Bank which are not deemed as Inside Areas must determine if their unit or employees may possess Inside Information on a case-by-case (project-by project) basis and ensure strict adherence to this section of the Code.

**Inside Information** means information that:

- is precise in nature relating directly or indirectly to one or more of the securities or financial instruments or the issuer thereof or any information that relates to a security;
- has not been made public, and that is not otherwise available to the general public;
- if made public, is likely to have a significant impact on the price of those securities or their derivatives,
- that a normal person would realise that, in view of the nature and content of the information, disclosing it or making it available to the public would have a material effect on the price or value of the securities or their derivatives or any financial instruments;
- is, directly or indirectly, related to derivatives of commodities which the traders expect to be disclosed according to the market regulations; or
- is Material, Non-public Information about the listed securities, financial instruments, activities or financial condition of a corporation or other issuer of securities or non-public information concerning market developments

**Insider Trading** means without limitation to the purchase or sale of financial instruments including equity and debt securities, any derivatives instruments, puts, calls or other options with respect to such securities. Such trading is deemed to be done by an Insider whenever they have any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are held in their name or not.



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**Material Information** means any information of a non-public nature, positive or negative, is material when it could have an impact on the market price of the securities or financial instruments involved, i.e. if it is likely that a reasonable investor would consider the information important in deciding whether to purchase or sell the securities or financial instruments. Information may be material to certain securities of an issuer but not material to all securities of that issuer (e.g. to equity but not to debt). While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information could include (but are not limited to):

- Mergers, acquisitions, tender offers and restructurings or possible or pending mergers, acquisitions, divestitures, joint ventures or a take-over of the issuer by another company.
- Securities offerings and repurchases.
- A change in earnings and dividend (or estimates of same) or earnings per share.
- Significant shifts in operating or financial circumstances, such as cash-flow reductions, major write-offs, changes in accounting methods and major strikes.
- Voluntary calls of debt or preferred stock issues.
- Significant litigation or governmental developments that could affect securities markets.
- Financial results.
- Potential default by an issuer on credit facilities at the Bank or with any other creditor.
- A pending resignation or dismissal of one or more senior executives of an issuer or one of its material subsidiaries.
- Any information which, when omitted or mis-stated, could influence the economic decisions of the users taken based on the financial statements.
- News of the disposition of a subsidiary or of material assets.
- Gain or loss of a substantial customer.
- Significant litigation exposure due to actual or threatened litigation.
- Changes in senior management or other major personnel changes.

**Personal Account** means any account in which a person has a financial or beneficial interest, or for which they have the power to affect or ability to influence trading or investment decisions, either directly or indirectly. Personal accounts typically include accounts of spouses, domestic partners, children and other members of their household, and accounts over which they have the authority to exercise investment discretion.

**Public Areas** means business units and support units within the Bank that do not have access to or do not obtain Material, Non-Public Information or Inside Information.

**Tailgating** means when a broker or adviser buys or sells a security for an informed client(s) and then immediately makes the same transaction in their own account.

### II. Restriction on Use of Inside Information and Scope

Board of directors shall be responsible for complying with the provisions under this section of the Code on the abuse of Inside Information, regardless of whether they have been identified or deemed as Insider or not.



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The Insider or any Board of director who is in possession of Inside Information, shall not use such information to (whether as principal or agent or dealing for personal or proprietary trading (i.e. GIB's account)):

- deal in, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell any securities to which that information relates;
- procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell or encourage any person to deal in any securities to which that information relates;
- communicate any information or opinion to another person if they know, or ought to know, that the person will as a result, enter into such a transaction or procure some other person to do so;
- disclose Inside Information to any other person, otherwise than in the proper performance of the functions of his employment, office or profession;
- violate the rules governing the publishing of market information; or
- Tip off another individual who then proceeds to trade

Every board member must:

- communicate clearly, fairly and not misleading;
- ensure no conflicts of interest arises and manage conflicts of interest fairly between:
  - i.       themselves and customers
  - ii.       ii. a customer and another customer
  - iii.       iii.. customers of the Bank and its subsidiaries.
- maintain the confidentiality of all price-sensitive, non-public and any related confidential information;
- ensure that all physical files containing confidential information are kept secure and computer files have adequate security;
- respect and observe all the confidentiality provisions set out in the client' agreements and as agreed between the parties / client. If you identify any conflict or market abuse or Insider Trading activities, it is their duty to report it to the respective Compliance Officer or in line with the Reporting procedure set out in the GIB Code of Conduct and / or Whistleblowing Policy.

No-one must:

- act or practice anything that involves manipulation, deceit, fraud and misleading information when trading a security or dealing with any form of financial instrument;
- give an untrue statement about some company that might have an effect on the price of its security;
- be involved in Insider Trading activities such as Front-running, Tailgating or spreading false information to purchase at bargain prices;
- make an untrue statement of material fact verbally or in writing; or
- spread rumours or circulate directly or indirectly, an untrue statement of material fact or a statement of opinion for the purpose of influencing the price or value of a security or for any manipulative purpose;



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- be involved in market manipulation by engaging, or encouraging others to engage, in any conduct that may give a false or misleading impression as to the supply of or demand for, or the price or value of any securities; or
- engage, or encourages others, to engage in any conduct that may give an unrealistic picture of the market regarding the volume and prices of any securities.

The prohibition against trading in or advising others regarding trading in securities of a company shall remain in effect until the inside information has been fully disclosed to the public or is no longer material or relevant.

Information is deemed 'public' once it has been publicly announced or otherwise disseminated in a manner that makes the information available to all interested persons.

To prevent any improper flow of inside information, BAU resources who are exposed to Insider Information should be physically segregated from everyone else in Public Areas, as practically and reasonably as possible. Except in limited cases in which a BAU resource in a Public Area is brought inside the information wall, Public Area resources should not have access to Inside Information.

GIB's Information Barrier prohibits anyone considered in an Inside Area from communicating any inside information, however obtained, to anyone outside the Inside Area.

In order to avoid the inadvertent receipt of inside information, resources in public areas should clearly identify their roles when meeting with a customer or potential customer.

### **Meetings, attendance, quorum, voting mechanisms and reporting**

#### **Meetings**

The Board shall meet frequently to enable it to discharge its responsibilities effectively and at least once every three months at the invitation of the Chairperson. No less than three of its members may request that a meeting of the Board be held. All Directors shall attend the Board meetings whenever possible and the Directors shall maintain informal communication between Board meetings.

#### **Attendance**

Directors should attend at least 75% of all board meetings in a given financial year, whether in-person or virtually, to enable the board to discharge its responsibilities effectively.

<b>Meetings per year</b>	<b>75% Attendance requirement</b>
4	3
5	4



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6	5
7	5
8	6
9	7
10	8

In the event of a director not attending at least 75% of Board meetings in any given financial year, the Bank must notify the CBB, within one month from its financial year-end, indicating which member has failed to satisfy this requirement, their level of attendance and the reason for non-attendance. Participation in Board Meetings or via teleconference or any electronic or virtual means of communication that permits all Directors present to be heard by all others present, is regarded as attendance and may be recorded as such. The Chairperson may consider, for purposes of determining a quorum, that any Director participating by telephonic or electronic means is present during the entire meeting.

### **Quorum**

In accordance with Article (21) of the Bank's By-Laws, the quorum of a meeting of the Board requires the attendance of the majority of the Directors or their representatives. Resolutions of the Board shall be passed by a majority of votes of the Directors present. In case of an equality of votes, the side with whom the Chairperson votes shall prevail.

In accordance with Article (20) of the Bank's By-Laws, where any of the Director's is unable to attend any of the Board meetings, he/she shall have the right to deputize one of the other Members to represent him/her, provided a written proxy is issued for such representation. No member of the Board may represent more than one member in addition to attending in his/her personal capacity as director.

The discussions, resolutions, voting records (including approvals, objections, and abstentions), and attendance records shall be recorded in meeting minutes.

### **Resolutions by Circulation**

A resolution by circulation is passed when such approval is urgent in nature and cannot be kept on hold for passing such resolution in the ensuing Board meeting.

A resolution by circulation shall be circulated, together with the substantiating proposals and/or relevant documentation -if any- to all the directors, at their addresses registered with the Bank through electronic means (emails, scanned documents, board web portal or facsimiles).

For resolutions by circulation to take effect, they should be approved by the majority of directors entitled to vote on the resolution (not being less than the number required for a quorum at a meeting of the Board). "All directors", for these purposes, does not include a director who would not be entitled to vote on the resolution due to a conflict of interest. The Chairperson shall have a casting vote.



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A statement sent electronically by a director via electronic means (emails, scanned documents, board web portal or facsimiles), to the Board Secretary's electronic address stating that the director is in favour of a specified resolution shall be considered to be a document containing that statement and duly signed by the director.

The resolution may consist of several documents in the same form approved by one or more of the directors by virtue of his/her physical signature on the resolution or as approved through electronic means.

Resolutions by circulation shall be ratified during a subsequent meeting of the Board and recorded as part of the minutes of the said meeting. Any abstentions or votes not in favour will also be documented in the Minutes of Meeting.

### Internal Board Management

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#### Election of Board Members

The Board shall inform the shareholders of the appropriate skill criteria and any applicable regulatory requirements to be considered in the shareholders' assessment of new candidates for directorships. Such criteria may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of the other Directors and other factors.

Each proposal by the board to the shareholders for election or re-election of a director shall be accompanied by a recommendation from the board, a summary of the advice of the Corporate Governance Committee, and the following specific information:

- The term to be served, which may not exceed three years (but there need not be a limit on re-election for further terms);
- Biographical details and professional qualifications;
- In the case of an independent director, a statement that the board has determined that the criteria of independent director have been met;
- Disclosure of any other directorships held;
- Particulars of other positions which involve significant time commitments, and
- Details of relationships between:
  - The candidate and the Bank, and
  - The candidate and other directors of the Bank.

#### Appointment Agreement



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The Bank must have a written appointment agreement with each director which recites the directors' powers, duties, responsibilities and accountabilities and other matters relating to his/her appointment including his/her term, the time commitment envisaged, the committee assignment if any, his/her remuneration and expense reimbursement entitlement, and his/her access to independent professional advice when that is needed.

### **Induction and Training of Directors**

When a new Director is inducted, the Chairperson, Corporate Secretary, legal counsel, compliance officer or other individual delegated by the Chairperson shall review the Board's role and duties with that person, particularly covering legal and regulatory requirements of this Charter and CBB HC Module.

The Chairperson shall ensure that each new Director receives a formal and tailored induction to ensure his contribution to the Board from the beginning of his term. The induction shall include meetings with senior management, visits to Bank facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, its internal and independent auditors and legal counsel.

### **Independence of Directors**

On an annual basis, the Board is required to make an affirmative determination with respect to each Director's classification and independence as guided by applicable requirements and as recommended by the Audit Committee that will, amongst other things:

- Consider the definition of "Independent Director" as defined hereto in line with the provisions set out by the Rulebook (as amended from time to time);
- Consider the opinion of external and internal advisors on how the individual members of the Board should be classified in accordance with the above CBB definition, while observing the principles set out in the GIB Agreement of Establishment and Articles of Association; and
- Be mindful of the fact that members of the Board are not involved in the day-to-day management of the Bank that they are independent of the Bank's management, and that once appointed to the Board they should act in the best interests of the Bank and of the shareholders as a whole.

### **Board Secretary**

The overall role of the Board Secretary is to assist the Board and its Chairperson in running Board affairs including but not limited to:

- Ensuring timely development of Board , Executive Committee and shareholder meetings' agendas in conjunction with the Chairperson and CEO.
- Coordinating, Organizing and attending Board and shareholder meetings.
- Drafting and maintaining minutes of Board, Executive Committee and shareholder meetings, and accurately recording Board/Shareholder attendance under the minutes.
- Carrying out any instructions of the Board , Executive Committee and those issued during shareholder meetings.
- Ensuring compliance with all statutory requirements in relation to Board affairs.



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- Keeping logs of all decisions, minutes and other discussed documents in a special register

The Board Secretary is considered the chief governance specialist within the Bank in addition to his legal responsibilities which varies according to the needs of the Bank. Whenever practical, the Board Secretary should be a person with legal or similar professional experience and training.

### Evaluation

At least annually, the Board shall conduct an evaluation of its performance and the performance of each committee and each individual Director. The evaluation process shall include:

- Assessment of overall Board operations and activities,
- Performance evaluation of each committee in light of its specific purposes and responsibilities, which shall include review of the self- evaluations undertaken by each committee,
- Review of individual Director in term of attendance at Board and committee meetings, and the constructive involvement in discussions and decision making, and
- Review of the Board's current composition against its desired composition with a view toward maintaining an appropriate balance of skills and experience and a view toward planned and progressive refreshing of the Board.

The Board is to at least annually review and assess its performance and the performance of its individual directors and Committees. The committee's evaluation must be communicated to the Board through the Corporate Governance Committee.

The Board of Directors and Board Committee Evaluation Policy and Procedure sets out the policy for adopting and implementing a formal process for the annual performance review of the Bank's Board of Directors and Board Committees effectiveness, governance duties and responsibilities and in relation to conducting the affairs of the Bank.

### Declarations of Outside Interests

Members of the Board must declare to the Board any personal interest, whether direct or indirect, in any proposal that appears before the Board or before any Board committee. The interested Board member shall, without being excluded from the quorum necessary to validate the Board meeting, not participate in deliberations and vote taking place within the Board or committee on the relevant matter or proposal.

Each Director shall declare in writing all their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager, or other form of significant participation) to the Board on an annual basis.

All Directors must declare in writing their personal holdings and interests and information on his/her Connected Persons on an annual basis. Directors shall be responsible for updating the Chairperson and Governance Unit of any changes to the information stated under the Declaration throughout each given year.



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Each Director should inform the Chairperson and the Board Secretary before she/he accepts any board appointments to another company, to ensure that no conflicts of interest arise in relation to his/her role in GIB and the new entity. Subsequently, the Board Secretary will also notify the GNRC prior to the Director accepting the new role.

The Corporate Governance Department shall ensure, on an annual basis, the disclosure of Board Members of any related party involvement, outside interests and activities (in line with the requirements of the CBB). If there is any reasonable doubt as to any declarations made by a Board Member, the Corporate Governance Department shall reach out to subject Member for further clarification.

Declarations shall be checked by the Corporate Governance Department against previous declarations (if any). In the case of new Directors, the Corporate Governance Department shall verify the declaration against subject Member's Fit and Proper Form (Form 3) submitted to the CBB.

### Board Committees

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#### General provisions Board Committees

The Board establishes Board Committees, determines their powers and activities, and appoints their members. Objectivity and independence must be ensured by the selection of appropriate Board members in each committee.

Each of Board Committee must have a well-defined Board-approved Mandate that sets out the Committee's roles and responsibilities, composition criteria, minimum frequency of meetings per year, tenure limits for serving on the committee, what is expected of members and obligations to report to the Board.

Each committee must have the resources and the authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of external legal, accounting or other advisors as it deems necessary.

At a minimum, the Board must establish an Audit Committee, an Executive Committee, a Nomination and Remuneration Committee, a Risk Policy Committee, and a Corporate Governance Committee. Committees may be combined provided that no conflict of interest arises between the duties of such committees, and subject to the CBB's prior approval.

Members of each committee must exercise judgment free from any personal conflicts of interest or bias.

Each Board committee must maintain appropriate records of their deliberations and decisions in their meeting minutes, including key points of discussions held, recommendations made, decisions taken (and update on their subsequent implementation) and dissenting opinions (if any).

The Board has formed the following standing Committees to increase the efficiency of their control over the Bank's key operations:

- **Executive Committee**
- **Audit Committee**
- **Risk Policy Committee**
- **Governance, Nomination & Remuneration Committee**
- **Innovation Committee**
- **Board Sustainability & Climate Change Committee**



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Each Committee has a Mandate setting out its responsibilities, including:

- Membership
- Meetings & Reporting to the Board
- Responsibilities
- Performance Evaluation
- Review of Mandates

### Executive Committee (ExCom)

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#### **Composition**

The Executive Committee shall be comprised of two or more directors appointed by the Board. The Chairperson of the Board shall be the Chairperson of the Committee.

#### **Purpose and authority**

The primary purpose of the Executive Committee is to have oversight and management responsibility of the bank's business operations and make prompt decisions on pressing issues in relation to the bank's businesses.

The committee shall assist the Board by reviewing, evaluating and making recommendations to the Board with regard to key strategic issues such as mergers, acquisitions, privatisation, or material changes in key strategic objectives or direction.

The committee shall be responsible for approving credit limits that exceed the authority of the Chief Executive Officer subject to the limits approved by the Board. Please refer to Delegation of Authority Matrix in appendix 1 for authority of the Executive Committee Mandate.

The Executive Committee Mandate approved the Board of Director's prescribes -among other matters- the Committee's detailed responsibilities.

#### **Meeting**

The Committee shall meet as and when required.

Meetings may be held in person or via teleconference, any electronic or virtual means of communication, or in such manner as the Committee shall from time to time determine, that permits all Directors present to be heard by all others present. The Chairperson may consider, for purposes of determining a quorum, that any Director participating by telephonic or electronic means is present during the entire meeting.

The Committee may also reach decisions via correspondence, without the need for a meeting, and such decisions shall be ratified at the following Executive Committee or Board meeting.

#### **Secretary**



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The Board Secretary shall act as the Secretary of the Committee. The Committee may -at its discretion- appoint another appropriate member of the Bank's management temporarily in the event of the Secretary's absence, or to permanently replace the Secretary.

The Secretary of the Committee shall be responsible of the following:

- a) Summoning the Committee meetings as per the approved committee meeting schedule for each fiscal year, or at the request of the Committee Chairperson.
- b) Managing the process of convening the Committee meetings, which includes collating the meeting file, preparation and circulation of agendas and minutes, liaising with the relevant departments to obtain the required proposals and discussion papers.
- c) Drafting the minutes of the Committee meetings.
- e) Monitoring the implementation of recommendations and resolutions issued by the Committee.
- f) Keeping logs of all decisions, minutes and other discussed documents in a special register.
- g) Ensure adherence of the Committee mandate when preparing the agenda for each meeting and ensure any matters raised by the Committee members are captured and tracked.
- h) Initiating the periodic review of the Committee Mandate and update thereof (as and when required), and ensuring that the updated Mandate is recommended by the Committee to the Governance, Nomination & Remuneration Committee to be endorsed to the Board for approval.
- i) Managing the process of the annual Committee evaluation, and ensuring that the evaluation is submitted to the Governance, Nomination & Remuneration Committee and the Board.

## Audit Committee

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### Composition

The Committee will consist of at least three and no more than five directors. The Board will appoint the members of the Committee. The Committee will elect one of these members as the Chairperson of the Committee. The Chairperson of the Committee must be independent, not be the chairperson of the Board, unless he/she is considered independent, and not be the chairperson of any other Board committee. The CEO of the Bank and other senior management of the must not be members of the Committee.

The Audit Committee members must have sufficient experience in audit practices, financial reporting and accounting.

The majority of the members of the Committee including the Chairperson of the Committee have to be independent, and have no conflict of interest with any other duties they have.

### Purpose and authority

The role of the Group Audit Committee is to assist the Board in providing oversight of:

- a. Ensure that the Bank has effective and adequate policies covering all its business activities, internal audit, financial reporting, compliance, risk management, prevention of frauds and cyber security breaches, etc.
- b. Oversee the financial reporting process.
- c. Oversee and interact with the Bank's internal and external auditors;



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- d. The integrity of the Bank's financial statements,.
  - e. The Bank's compliance with legal and regulatory requirements.
  - f. The Bank's compliance with the rules of good corporate governance;
  - g. The external auditor's qualifications and independence;
  - h. Performance of the Bank's internal audit function;
  - i. Independent audits and regulatory inspections;
  - j. The review of Bank's systems of internal controls regarding finance, accounting, legal, compliance and ethics that management and the Board have established; and
  - k. The review of Bank's auditing, accounting and financial reporting policies & processes.
- 
- l. Review the disclosures that the Central Bank of Bahrain and the Bahrain Ministry of Industry and Commerce require to be included in the Bank's financial statements in relation to the above functions and duties.
  - m. Consistent with this directive, the Committee should encourage the continuous improvement of, and adherence to, the Bank's policies, procedures and practices at all levels.
  - n. the review of internal audit, external audit and compliance reports and ensure that senior management is taking necessary corrective actions in a timely manner to address any control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors, the compliance officer and other control functions.

The Audit Committee Mandate approved the Board of Director's prescribes -among other matters- the Committee's detailed responsibilities.

### **Meeting**

The Committee will meet as frequently as required but not less than four times a year.

The Committee Chairperson or no fewer than any other two members of the Committee may call a Committee meeting.

### **Secretary**

The Group Chief Auditor shall act as the Secretary of the Committee. The Committee may -at its discretion- appoint another appropriate member of the Bank's management temporarily in the event of the Secretary's absence, or to permanently replace the Secretary.

The Secretary of the Committee shall be responsible of the following:

- a) summoning the Committee meetings as per the approved committee meeting schedule for each fiscal year, or at the request of the Committee Chairperson.
- b) Managing the process of convening the Committee meetings, which includes collating the meeting file, preparation and circulation of agendas and minutes, liaising with the relevant departments to obtain the required proposals and discussion papers.



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- c) Drafting the minutes of the Committee meetings.
- e) Monitoring the implementation of recommendations and resolutions issued by the Committee.
- f) Keeping logs of all decisions, minutes and other discussed documents in a special register.
  
- g) Ensure adherence of the Committee mandate when preparing the agenda for each meeting and ensure any matters raised by the Committee members are captured and tracked.
- h) Initiating the periodic review of the Committee Mandate and update thereof (as and when required), and ensuring that the updated Mandate is recommended by the Committee to the Governance, Nomination & Remuneration Committee to be endorsed to the Board for approval.
- i) Managing the process of the annual Committee evaluation, and ensuring that the Evaluation is submitted to the Governance, Nomination & Remuneration Committee and the Board.

### Governance, Nomination & Remuneration Committee (GNRC)

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#### **Composition**

The Committee will comprise of at least three members consisting of independent directors or alternatively, only non-executive directors of whom a majority must be independent directors.

The Committee will appoint one of these members as the chair of the Committee, who must be an independent director. The GNRC members should not be members of the risk-taking committee of the Bank.

#### **Purpose and authority**

The primary purpose of the GNRC is to support and advise the Board on matters concerning compensation, nomination, and succession planning. The purpose of GNRC can be summarised as following:

- a) Support the Board in fulfilling their responsibilities to shareholders in ensuring the availability of qualified senior management individuals who are best able to manage the bank activities efficiently and effectively.
- b) Make recommendations to the Board that promote appropriate remuneration policies and practices for the bank and oversee that these remuneration policies and practices are in the interest of the shareholder and do not induce participation in taking high risk transactions to achieve short-term profits.
- c) Support the Board to set an appropriate succession policy for replacement of senior management in case of vacancies
- d) To ensure continuity and graduation in the process of replacement.
- e) The development and approval of corporate governance policies and procedures.
- f) The Bank's compliance with regulatory requirements relating to corporate governance; and
- g) The Bank's public reporting on corporate governance matter.
- h) Review Corporate Governance practice and propose recommendations to the Board of Directors.
- i) Encourage adherence to, and continuous improvement of, the Bank's policies, procedures and practices.



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- j) Assess and recommend to the Board from time to time the changes that the committee considers desirable to the size of the Board, any Board committee or management structure;

The GNRC Mandate approved the Board of Director's prescribes -among other matters- the Committee's detailed responsibilities.

The Group Head of Governance shall prepare and submit the following reports to the Board during the Governance, Nomination and Remuneration Committee meeting of every year:

- a) Directors Declarations of outside interest
- b) Directors' Classification
- c) Internal Audit Report on Corporate Governance
- d) Updated Board Charter / Committees' Mandates

### Meeting

The Committee will meet as frequently as required but not less than twice a year. Any Committee member or the Committee secretary may call for a Committee meeting. The meetings of the Committee should be timed to enable the Committee to review the Bank's bonus proposals and undertake its regulatory requirements and responsibilities.

### Secretary

The Chief Human Resources Officer shall act as the Secretary of the Committee. The Committee may -at its discretion- appoint another appropriate member of the Bank's management temporarily in the event of the Secretary's absence, or to permanently replace the Secretary.

The Secretary of the Committee shall be responsible of the following:

- a) summoning the Committee meetings as per the approved committee meeting schedule for each fiscal year, or at the request of the Committee Chairperson.
- b) Managing the process of convening the Committee meetings, which includes collating the meeting file, preparation and circulation of agendas and minutes, liaising with the relevant departments to obtain the required proposals and discussion papers.
- c) Drafting the minutes of the Committee meetings.
- e) Monitoring the implementation of recommendations and resolutions issued by the Committee.
- f) Keeping logs of all decisions, minutes and other discussed documents in a special register.
- g) Ensure adherence of the Committee mandate when preparing the agenda for each meeting and ensure any matters raised by the Committee members are captured and tracked.
  - g) Initiating the periodic review of the Committee Mandate and update thereof (as and when required), and ensuring that the updated Mandate is recommended by the Committee to the Board for approval.
- h) Managing the process of the annual Committee evaluation, and ensuring that the evaluation is submitted to the Board.



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### Board Risk Policy Committee (BRPC)

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#### **Composition**

The Committee shall comprise of at least three directors of which the majority must be independent. All members of the Committee shall be non-executive directors. The CEO and other senior management must not be members of the risk committee.

The Committee shall appoint a Chairperson who shall preside over the meetings.

The committee members must have experience in risk management issues and practices and have no conflict of interest with any other duties they may have.

#### **Purpose and authority**

The function of the Committee is oversight and ensuring that the Bank has a strong and appropriate risk governance framework. The role of the Committee is to act as the agent of the Board in ensuring that the Bank has an effective risk management framework in place and that all risk controls operating throughout the Bank are in accordance with the regulatory requirements and best practice standards for management of risks in banks.

The Committee shall, on behalf of the Board, monitor the Bank's implementation of the policies, procedures and practices for the management of key risks under the Bank's risk management framework. Accordingly, it shall review (at least annually) and recommend to the Board for approval the Bank's risk management policies and risk appetite and tolerance to ensure that such policies remain appropriate and prudent.

There must be effective communication and coordination between the Audit Committee and the Risk Committee to facilitate the exchange of information and effective coverage of all risks, including emerging risks, and any needed adjustments to the risk governance framework of the bank.

The Risk Committee's Mandate approved the Board of Director's prescribes -among other matters- the Committee's detailed responsibilities.

#### **Meeting**

The Committee shall meet at least four times a year. Any member of the Committee, in consultation with the Chairperson, may call for a meeting.

#### **Secretary**

The Group Chief Risk Officer shall act as the Secretary of the Committee. The Committee may -at its discretion- appoint another appropriate member of the Bank's management temporarily in the event of the Secretary's absence, or to permanently replace the Secretary.

The Secretary of the Committee shall be responsible of the following:

- a) summoning the Committee meetings as per the approved committee meeting schedule for each fiscal year, or at the request of the Committee Chairperson.



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- b) Managing the process of convening the Committee meetings, which includes collating the meeting file, preparation and circulation of agendas and minutes, liaising with the relevant departments to obtain the required proposals and discussion papers.
- c) Drafting the minutes of the Committee meetings.
- e) Monitoring the implementation of recommendations and resolutions issued by the Committee.
- f) Keeping logs of all decisions, minutes and other discussed documents in a special register.
- g) Ensure adherence of the Committee mandate when preparing the agenda for each meeting and ensure any matters raised by the Committee members are captured and tracked.
  - g) Initiating the periodic review of the Committee Mandate and update thereof (as and when required), and ensuring that the updated Mandate is recommended by the Committee to the Governance, Nomination & Remuneration Committee to be endorsed to the Board for approval.
- h) Managing the process of the annual Committee evaluation, and ensuring that the evaluation is submitted to the Governance, Nomination & Remuneration Committee and the Board.

### Innovation Committee

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#### **Composition**

The Committee will consist of at least three members and may be constituted of both directors and executive management, a majority of whom shall be Board members and have scientific, technological and relevant experience. Members of the Executive Management may also be appointed to the Committee as voting members. The Committee shall appoint a Chairperson who shall preside over the meetings.

#### **Purpose and authority**

The purpose of the Committee is to review the Bank's overall capabilities and strategic direction in matters of FinTech, innovation, including investment in research and development and other technological initiatives, and to identify opportunities that could have a significant impact on Bank's operations in pursuit of its long-term strategic goals.

The aim of the Committee is:

- a) To assist the Board in its oversight responsibilities relating to FinTech matters and innovation;
- b) Overseeing management's development and implementation of the Bank's FinTech and Innovation strategy, capability, architecture and execution;
- c) Reviewing emerging FinTech innovations and trends for potential application within the Bank; and
- d) To raise awareness about the challenges and opportunities offered by the digital revolution

#### **Meeting**

The Committee shall meet a minimum of four times within a year, and there is no maximum number of meetings that may be held. The Committee Chairperson or no fewer than any other two members of the Committee may call a Committee meeting.



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### Secretary

The Group Chief Digital Officer shall act as the Secretary of the Committee. The Committee may - at its discretion- appoint another appropriate member of the Bank's management temporarily in the event of the Secretary's absence, or to permanently replace the Secretary.

The Secretary of the Committee shall be responsible of the following:

- a) summoning the Committee meetings as per the approved committee meeting schedule for each fiscal year, or at the request of the Committee Chairperson.
- b) Managing the process of convening the Committee meetings, which includes collating the meeting file, preparation and circulation of agendas and minutes, liaising with the relevant departments to obtain the required proposals and discussion papers.
- c) Drafting the minutes of the Committee meetings.
- e) Monitoring the implementation of recommendations and resolutions issued by the Committee.
- f) Keeping logs of all decisions, minutes and other discussed documents in a special register
- g) Ensure adherence of the Committee mandate when preparing the agenda for each meeting and ensure any matters raised by the Committee members are captured and tracked.
- g) Initiating the periodic review of the Committee Mandate and update thereof (as and when required), and ensuring that the updated Mandate is recommended by the Committee to the Governance, Nomination & Remuneration Committee to be endorsed to the Board for approval.
- h) Managing the process of the annual Committee evaluation, and ensuring that the evaluation is submitted to the Governance, Nomination & Remuneration Committee and the Board.

## Board Sustainability and Climate Change Committee (BSCCC)

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### Composition

Members of the BSCCC may comprise of both directors and executive management. Members (executive or otherwise) may be appointed from any GIB Board or from GIB Executive Management. The BSCCC will have a minimum of three voting members.

### Purpose and authority

The purpose of the BSCCC is to play an advisory role in the design of GIB's sustainability (which includes ESG) and climate change strategy. The BSCCC will advise the Board on the progression of the strategies, and challenge executive management to ensure that sustainability and climate change risks and opportunities are effectively embedded into the Bank and Group businesses.

The BSCCC will be responsible for overseeing:

- The Sustainability Framework, including:
  - Principles
  - Vision, strategy and purpose
  - Themes
  - Products, services and capabilities
  - Governance



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- Risk Management and control
- Culture
- Transparency and disclosure
- Implementation
- The Sustainable Finance and Transition Framework and other related sustainability frameworks and policies.
- Endorsing sustainability targets and monitoring associated metrics.

There are a number of areas of potential overlap between the BSCCC and other Board-level Committees. In general, the primary responsibility will remain with the existing committee, but the BSCCC may provide advice to the relevant Committee or escalate pertinent matters to it, as needed.

### **Meeting**

Meetings shall generally be held twice a year. Additional meetings can be requested by special request of one or more of the members. Meetings can be held in-person, remotely or in hybrid format.

### **Secretary**

The Secretariat shall comprise of members of the Sustainability Team, with responsibility for managing administrative matters including minute taking of the BSCCC meetings. The Secretariat will not participate in any decision or vote of the Committee.

The Secretary's responsibilities shall include the following:

- a) Summoning the Committee meetings as per the approved committee meeting schedule for each fiscal year, or at the request of the Committee Chairperson.
- b) Managing the process of convening the Committee meetings, which includes collating the meeting file, preparation and circulation of agendas and minutes, liaising with the relevant departments to obtain the required proposals and discussion papers.
- c) Drafting the minutes of the Committee meetings.
- e) Monitoring the implementation of recommendations and resolutions issued by the Committee.
- f) Keeping logs of all decisions, minutes and other discussed documents in a special register.
- j) Ensure adherence of the Committee mandate when preparing the agenda for each meeting and ensure any matters raised by the Committee members are captured and tracked.
- k) Initiating the periodic review of the Committee Mandate and update thereof (as and when required), and ensuring that the updated Mandate is recommended by the Committee to the Governance, Nomination & Remuneration Committee to be endorsed to the Board for approval.
- l) Managing the process of the annual Committee Evaluation, and ensuring that the Evaluation is submitted to the Governance, Nomination & Remuneration Committee and the Board.

## Shareholder Meetings

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The Bank must comply with the following with respect to any shareholders' meeting:

- (a) Provide the draft agenda to the CBB, for its review and comment, at least 5 working days prior to communicating with the shareholders;



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- (b) Ensure that CBB's prior approval has been obtained for any agenda items which require CBB's approval under relevant regulations, prior to the meeting taking place;
- (c) Invite a representative of the CBB and the Ministry of Industry & Commerce to attend the meetings at least 5 working days prior to the meeting taking place; and
- (d) Submit to the CBB a copy of the minutes of the meeting within 15 calendar days of the meeting.

The Bank's Articles of Association permits convening Shareholder meetings using electronic or telephonic means of communication, provided that measures should be taken which ensure the following:

1. Verifying the identity of the participant in the meeting and the validity of any power of attorney on the basis of which the proxy is participating;
2. Enabling the partner or the shareholder to participate fully in the meeting, as if he/she was present at the venue of the meeting. This shall include knowledge of everything discussed during the meeting and expressing opinion and participating in deliberations;
3. Duly recording any statement or voting by the participant in the meeting; and
4. Any other measures which may be specified under the Commercial Companies Law or any other relevant regulations issued in the Kingdom of Bahrain.

Resolutions passed at Shareholder Meetings in accordance with the provisions of the Companies Law and the Articles of Association shall be binding upon all Shareholders, whether they attended the meeting at which the resolutions were passed or were absent, and whether they voted for or against them.

The board of directors shall implement the resolutions adopted in shareholder meetings.

Copies of the shareholder meeting documents shall be submitted to the Ministry of Industry & Commerce at least ten (10) days prior to the date of the shareholder meeting.

Minutes of shareholder meeting shall be submitted to the Ministry of Industry & Commerce within fifteen (15) days from the date of the meeting.

The Board of Directors shall forward by registered mail a copy of the Balance Sheet, the Profit and Loss Account, a sufficient summary of its Report, and the complete text of the auditors' report to each shareholder before the date of holding the annual shareholder meeting as per the deadlines prescribed by law.

The Bank's Articles of Association shall govern the quorum, matters to be discussed and process of convening ordinary and extraordinary shareholder meetings (general assemblies).

## Oversight & Responsibilities of Senior Management

### Oversight of Senior Management

The Board appoints a Chief Executive Officer ("CEO") with technical competency and banking experience for the Bank. Approval of the Board is also obtained prior to appointment of all senior management positions reporting to the CEO or the Chairperson of the Board.

The Board oversees the Bank's senior management to ensure they carry out their assigned roles in line with the Bank's objectives and targets and the policies approved by the Board.

### Responsibilities of Senior Management

Senior Management must:

- a. Be selected through an appropriate promotion or recruitment process which considers the qualifications and competencies required for the position in question;
- b. Have the necessary experience, competencies, personal qualities and integrity to manage the



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- businesses and employees under their supervision;
- c. Be subject to regular training to maintain and enhance their competencies and stay up to date on developments relevant to their areas of responsibility;
  - d. Assess the training needs of staff across all levels throughout the organisation taking into account the existing skills and competencies and laws and regulations and ensure that such training is provided by competent and skilled personnel (whether internal or external);
  - e. Act within the scope of their responsibilities which must be clearly defined;
  - f. Independently assess and question the policies, processes and procedures of the Bank, with the intent to identify and initiate management action on issues requiring improvement;
  - g. Not interfere in the independent duties of the risk management, compliance and internal audit functions;
  - h. Carry out and manage the Bank's activities in compliance with all laws and regulations, and in a manner consistent with the business strategy, risk appetite, business plans and remuneration and other policies approved by the Board;
  - i. Have a robust governance framework for all management committees;
  - j. Not primarily control the remuneration system in the Bank; and
  - k. Actively communicate and consult with the control functions on management's major plans and activities so that the control functions can effectively discharge their responsibilities.
  - l. Provide the Board and its committees with timely, complete, accurate and understandable information and documents so that they are equipped for upholding their responsibilities, and keep them adequately informed and updated on a timely basis about material issues including:
    - i. Changes in the implementation of business strategy, risk strategy and risk appetite;
    - ii. The Bank's performance and financial condition;
    - iii. Breaches of risk limits or regulations;
    - iv. Internal control failures, frauds and cyber-security incidents;
    - v. Legal or regulatory concerns;
    - vi. Customer complaints; and
    - vii. Issues raised as a result of the Bank's whistleblowing policy.

### Succession Plan

The Board ensures that Human Resources has succession plans in place for the executive positions in the Bank and that such plans are effectively implemented within the Bank.

### Corporate Governance Officer

The Bank must assign to one of its senior management the role of a corporate governance officer who is responsible for the tasks of verifying the Bank's compliance with corporate governance rules and regulations. The responsibilities of the corporate governance officer may be assumed by the compliance officer and should include, at minimum:

- (a) Coordinating and following up on the Bank's compliance with corporate governance requirements;
- (b) Ensuring that the corporate governance policies, their implementation and related internal controls are consistent with the regulatory and legal requirements;
- (c) Working closely with the Board and/or the relevant Board committee to improve the governance framework of the Bank's; and



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(d) Reviewing the annual corporate governance disclosure to ensure that its contents are in conformity with the Bank's internal policies and the CBB rulebook requirements.

### Shariah Supervisory Board

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The Bank's Shariah Supervisory Board ("SSB") is a separate and independent entity which is comprised of Shariah scholars. The SSB oversees Shariah compliant banking business of the Bank, in accordance with the GIB BSC's Shariah governance framework.

The SSB is responsible to advise the Bank on all Shariah compliant banking business of the Bank to ensure that it is in line with the Shariah rules and principles, and the CBB Rulebook.

The SSB is established to achieve the following objectives:

- a. To perform an advisory and oversight role on Shariah matters related to the Bank's Shariah compliant banking business operations and activities; and
- b. To be responsible and accountable for all its decisions, views and opinions related to Shariah matters.

The SSB members shall be appointed by a decision of the Board of Directors, based on the recommendations of the Board's Governance, Nomination and Remuneration Committee (GNRC).

The SSB Charter is part of the Bank's Shariah Framework which is reviewed annually by the SSB, the Board Risk Policy Committee, and subsequently the Board. As such, matters pertinent to the Shariah Supervisory Board shall be regulated by virtue of the said Framework which includes the Shariah Supervisory Board's Charter.

## Management Governance Model

### Scope

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The management governance model covered under this section governs -among other matters- committees which are formed in accordance with the CBB regulatory requirements.

The Group Chief Executive Officer and Deputy Group Chief Executive Officer have the authority to form and dissolve management level committees other than those listed hereto, as and when required during the Bank's course of business.

### General Provisions for all Management Committees

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These general provisions are valid for all Management Committees unless stated otherwise in their charter:

- Composition and participation in Management Committees is determined by the respective function the GIB employee has. A change in an employee's function shall directly result in discharge of his/her membership of a Management Committee and the instatement of the employee taking on the function.
- The respective Management Committee shall also appoint a Secretary from the relevant function mainly responsible for each Committee's activities in the Bank (excluding the Group Management Committee (MANCOM) which shall be appointed from the Legal & Governance



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Unit ) to handle the Management Committee's affairs. The Secretary shall be the authorized channel of communication of all decisions of the Management Committee.

- The quorum for the meeting is the majority of its members. Members may delegate another member to attend Management Committee meetings and vote. The Secretary of each Management Committee shall record attendance, confirm at the beginning of each meeting whether quorum is achieved and shall minute the proceedings and resolutions of all meetings.
- The decision-making process is through consensus and when there is no consensus; decisions shall be reached by a simple majority decision by a voting process. If there is a voting deadlock, the chairperson or the acting Chairperson shall have the casting vote.
- The agenda should be determined by the Chairperson of the Committee and should be provided to the Committee one week in advance with the accompanying document for the meeting, via the Secretary of the Committee. In urgent cases the Chairperson can decide to have the agenda, and/or the accompanying documents forwarded within a shorter period of time. Meetings may be held without notice if all of the members waive notice.
- The Management Committee may conduct meetings through video or teleconferencing.
- The Committee may pass resolutions without meeting as long as it is approved by the requisite majority and is recorded in the minutes of the Committee's next meeting.
- The Management Committee may invite any executive or other person to attend any meeting of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective. "By invitation" attendants shall not have a vote at the meeting of the Committee.
- The minutes shall be drafted by the respective Committee secretary and shall be reviewed by the Committee's Chairperson, and circulated through email to all committee members for approval as per the Committee's charter , and originals kept on record by the Secretary.
- Each Management Committee shall, periodically review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

### The GIB BSC Management Committee (MANCOM)

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The GIB BSC Management Committee is composed of the CEO (Chairperson), the Chief Investment & Treasury Officer, the Group Head of Wholesale Banking, the Chief Operating Officer, the Chief Financial Officer, Group Head of Risk Management, the Group Chief Human Resources Officer, the Group Chief Auditor, Group Head of Retail, Group Head of Compliance and Chief Information Officer, Head of Strategy and Office of excellence. Other members of Management may be invited by the CEO to participate in relation to specific agenda items. The GIB BSC Management Committee is composed of the BSC CEO and DGCEO (Chairperson), Group Chief Investment & Treasury Officer, Group Head of Wholesale Banking, Group Head of Global Transaction Banking, Group Chief Operating Officer, Group Chief Financial Officer, Group Head of Risk Management, Group Chief Human Resources Officer, Group Chief Auditor (permanent invitee), Group Head of Retail, Group Head of Economics and Strategy (observer), GIB Capital CEO (permanent invitee), GIB UK CEO (permanent invitee).

The GIB BSC Management Committee is the most senior decision-making committee in the bank's management structure. Its role is to assist the CEO in carrying out the responsibilities delegated to him by the Board of Directors. Its responsibilities include:

- Formulation of the bank's strategic objectives and direction.
- Formulation of the bank's annual budget and business plans.
- Setting and managing of risk/return targets in line with the bank's overall risk appetite.
- Determination of the bank's risk-based performance measurement standards.
- Periodic review of business unit performance and the initiation of appropriate action.



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The GIB BSC Management Committee shall meet on monthly basis.

### The Group Risk Committee (GRC)

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The purpose of the Group Risk Management Committee is to effectively implement the Risk Management Framework and the best risk management practices in the industry whilst ensuring that it is aligned with the Bank's business strategy. The Group Risk Management Committee Reports to the Management Committee.

The Group Risk Committee is chaired by the Group Chief Risk Officer – Chairman composed of Group Chief Finance Officer (Vice Chairman), Group Chief Operations Officer, Chief Risk Officer – GIB KSA and the Chief Credit Officer – GIB BSC.

The Group Risk Committee's responsibilities include:

- Monitor and review the bank's risk profile.
- Review and approval of risk management processes and procedures.
- Approve the risk management methodologies.
- Vetting of new Wholesale and Treasury products proposal for approval by the CEO.
- Review and recommend changes to risk policies and risk limits.
- Review of country limits.
- Review of Operational, Market, Liquidity and Strategic Risks.
- Approval of Credit / Product Programmes.
- Annual review of materially important industries in terms of the risk and exposure.

The committee meets as frequently as required but at least once every month.

### Assets & Liabilities Committee (ALCO)

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The objectives of the Group Asset Liability Management Committee ("Group ALCO") is to exercise oversight of the Group's ALM activities and ensure that there is an effective ALCO process at the various entities/branches within the Group.

Group ALCO shall be the apex forum to oversee Asset Liability Management ("ALM") activities of the Group. Below are the key responsibilities of Group ALCO:

- a) Exercise oversight on the Group's ALM activities and ensure that there is an effective ALCO process at the various entities/branches within the Group
- b) Endorse the ALCO charters of the Parent Bank, GIB KSA and GIBUK before seeking approval from the Board of Directors of the respective entities
- c) Maximise synergies of the ALM activities of the various entities within the Group and ensure efficient usage of liquidity within the Group
- d) Review the Group's Contingency Funding Plan and Early Warning Indicators (EWIs) after being endorsed by the Group Risk Committee and before seeking approval from the Board of Directors
- e) Review the target liquidity, funding, and other Balance sheet ratios of each of the entities within the Group taking into account business requirements and risk tolerances and monitor these targets against actual positions.
- f) Review the Group's regulatory ratios, including the capital adequacy ratios and make recommendations, if required, to increase capital efficiency or to be in compliance with approved risk tolerances.



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g) Review market risk positions of the Group against approved position and Value at Risk (VaR) limits.

### The Sustainability Council

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The purpose of the Sustainability Council is to provide high-level steering, guidance, support and challenge to drive and enable the implementation of GIB's vision to be a sustainable finance provider. The Council works to ensure alignment, internally and externally, with respect to GIB's sustainability initiatives and commitments, including those relating to the Principles for Responsible Banking and Taskforce for Climate-related Financial Disclosure.

The Council is primarily an information sharing, socialisation and advisory body. It works alongside other management bodies and decision-makers, and the Board Sustainability and Climate Change Committee.

### Risk Management Function

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The Bank has in place an effective and independent risk management function commensurate with the Bank's size, complexity and risk profile, under the direction of a chief risk officer (CRO), with sufficient stature, independence and skilled resources.

The risk management function is sufficiently independent of the business units, and is responsible for overseeing risk-taking activities across the Bank and has the authority within the organisation to do so.

Key activities of the risk management function includes:

- (a) Implementing an enterprise-wide risk governance framework that includes appropriate policies, procedures and limits;
- (b) Identifying material individual, aggregate and emerging risks, including risks arising from potential mergers and acquisitions and hard to quantify risks, such as reputational risk;
- (c) Regularly and on an ad-hoc basis, evaluating the risks faced by the Bank and its overall risk profile. The risk assessment process must include ongoing analysis of existing risks as well as the identification of new or emerging risks. The results of such assessments are reported to both the Board Risk Committee and senior management;
- (d) Ongoing monitoring of the risk-taking activities and risk exposures in line with the Board-approved risk policies and appetite;
- (e) Establishing an early warning or trigger system for breaches of the Bank's risk appetite or limits;
- (f) Using risk measurement and modelling techniques in addition to qualitative risk analysis and monitoring;
- (g) Evaluating possible ways to mitigate risk exposures;
- (h) Reporting regularly to the risk committee and senior management on risks, including but not limited to, material exemptions and risk-mitigating actions;
- (i) Regularly comparing actual performance against risk estimates (i.e. Backtesting) to assist in judging the accuracy and effectiveness of the risk management process and making necessary adjustments; and
- (j) Challenging decisions that give rise to material risk.

### Compliance Function

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The Bank has in place an independent compliance function and an appropriate compliance framework for the Bank based on its size and complexity of its operations. The Head of Compliance holds the overall responsibility for the Bank's compliance function.

Key responsibilities of the Compliance Function includes:

- a) Carry out its responsibilities under a risk-based compliance programme that sets out its planned activities, such as the implementation and review of specific policies and procedures, compliance risk assessment and compliance testings;
- (c) Assess in cooperation with the relevant functions, in case of new regulations, the appropriateness of the Bank's relevant policies as well as the compliance policy and related procedures and processes. It must promptly follow up regarding any identified deficiencies, and, where necessary, formulate proposals for amendments in cooperation with the relevant functions;
- (d) On a proactive basis, identify, measure, document and assess the compliance risks associated with the Bank's business activities including the development of new products and business practices, proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships;
- (e) Monitor and test compliance by performing sufficient and representative compliance testing. The results of such testing are reported quarterly to the Audit Committee;
- (f) Advise the Audit Committee and senior management on all relevant laws, regulations and standards in all jurisdictions in which the Bank conducts its business and inform them on developments on the subject; and
- (g) Act as a point of contact with the local regulator and within the Bank for compliance queries from staff members.

### Risk and Corporate Control

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The Board and the Risk Committee have established comprehensive policies on risk oversight and management. Such policies describe roles and responsibilities of the Board, the Risk Committee, the Chief Risk Officer (CRO), the management and the Internal Audit function.

### Internal Controls System

The Bank has established efficient and effective internal controls systems and risk management processes. The Board approves the Bank's organization structure consistent with the Bank's strategy and activities, job descriptions with detailed roles and responsibilities, and formal policies and procedures for all banking functions and processes, the implementation of which is reviewed by Internal Audit. Such policies and procedures determine the duties and responsibilities of each function, the authorities and reporting lines on different management levels in a way that realizes dual control and segregation of duties in order to avoid conflict of functions.

The Internal Audit will periodically, by following a risk-based approach and as specified in the group annual plan approved by the Audit Committee, assess and evaluate the adequacy and effectiveness of the Bank's systems of internal control and of the quality of performance in carrying out assigned responsibilities.

Employees must be encouraged and be able to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This is facilitated through a well communicated and Board approved whistleblowing policy and adequate procedures and processes, consistent with applicable laws. This includes the escalation of material concerns to the CBB. The Bank has set a whistleblowing policy and adequate procedures and processes, enabling employees to communicate their concerns regarding potential violations that may be carried out by any member of the Bank ("Whistle-blowing"). The Bank ensures that whistleblowers can confidentially



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raise legitimate concerns about illegal, unethical or questionable practices without the risk of reprisal , and that action is taken immediately.

### **Internal Audit**

The Bank has in place an Internal Audit unit headed by the Group Chief Auditors reporting functionally to the Board Audit Committee and administratively to the Group Chief Executive Officer (GCEO). Internal Audit has access to any information or any staff at the Bank as well as the full authority to perform the tasks assigned to Internal Audit.

Internal Audit (IA) is an independent assurance and consulting function to examine the Bank's activities to maintain or improve the efficiency and effectiveness of risk management, internal controls and corporate governance.

IA adheres to the 'Institute of Internal Auditors (IIA)' and the 'Information Systems Audit and Control Association (ISACA)' standards, and also complies with the regulatory requirements (CBB, SAMA, OCC, FCA, UAE Central Bank, etc.) and other best practices.

Internal Audit has been established within GIB to assist the safeguarding of corporate assets and enforcing corporate policies, which is being achieved by instituting a risk-based audit process in a professional and independent manner to support the existing and new business strategies of the bank.

The Internal Audit will periodically, by following a risk-based approach and as specified in the group annual plan approved by the Audit Committee, assess and evaluate the adequacy and effectiveness of the Bank's systems of internal control and of the quality of performance in carrying out assigned responsibilities. In carrying out this activity, the Internal Audit aims to provide an independent and objective analysis of controls along with guidelines for improvement, for the benefit of all levels of management of the Bank.

### **External Audit**

An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Bank, an external auditor shall be selected and appointed by the shareholders upon recommendation of the Audit Committee and the Board.

The external auditor shall provide the Audit Committee with a copy of the audit reports and will meet with the Audit Committee to discuss these reports and any other significant observations on the Bank's issues. The Audit Committee shall meet with the external auditor at least once a year.

The external auditor of the Bank shall not at the same time provide all services of an internal auditor to the Bank. The Bank shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

### **Corporate Social Responsibility**

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The Bank recognises the importance of good corporate social responsibility in promoting and strengthening the trust of all of its stakeholders. The Bank has an enduring commitment to the banking industry and the Bahraini community in which it operates, supporting a range of local initiatives. To manage the activities in a coordinated manner, the Bank has adopted a Corporate Communications Policy that governs -among other matters- the Bank's corporate social responsibility activities.



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### Board Oversight on Sustainability & Climate Change Matters

Sustainability is a key pillar in GIB Group's strategy and embedded into entity and divisional strategies. GIB views climate as one component of sustainability.

The Board is responsible for oversight of sustainability-related risks and opportunities. This specifically includes:

- reviews, approves and oversees the execution of the Group's strategy, business model, business plan, budgets and financial plans, and performance objectives, having taken into account sustainability-related risks and opportunities
- ensures that sustainability-related risks and opportunities are taken into account when making decisions on major transactions and in its risk management processes and related policies, including any trade-offs associated with those risks and opportunities
- reviews, approves and monitors Key Performance Indicators (KPIs), including ones relating directly and indirectly to sustainability
- regularly informed about, and monitors, sustainability-related risks and opportunities
- oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets

The Board established the Board Sustainability and Climate Change Committee (BSCC), which plays an advisory role in the design of GIB's sustainability (which includes Economic Social Governance (ESG) and climate change strategy and ensures that sustainability and climate change risks and opportunities are effectively embedded into the Bank and Group businesses. The BSCCC is informed about sustainability matters on the Group level (including climate-related) issues bi-annually.

The BSCCC is responsible for -among other matters- overseeing:

- The sustainability framework.
- The Sustainable Finance and Transition Finance Framework and other related sustainability frameworks and policies.
- Endorsing sustainability targets and monitoring associated metrics.

The Board Risk Policy Committee has been mandated by the Board to maintain oversight of the management of non-financial risks, including but not limited to: regulatory compliance, sustainability (ESG) risks, outsourcing and 3rd party risks. It ensures the development of the governance, framework, policies, processes, and responsibilities within this area in line with global and local developments.

The Board Governance, Nomination and Remuneration Committee:

- determines whether appropriate skills and competencies are available, or will be developed, to oversee strategies designed to respond to sustainability-related risks and opportunities.
- ensures that relevant sustainability-related performance metrics are included in remuneration policies

The Board and its Committees keep up to date on sustainability-related regulations, in particular they consider i) International Financial Reporting Standards (IFRS); ii) the International Accounting Standards Board (IASB); and iii) any local regulatory requirements with respect to climate related issues the Bank is required to comply with.



## **Gulf International Bank B.S.C.**

### **Related Policies**

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This Policy should be read in conjunction with the following policies:

- GIB BSC Articles of Association
- The Board Charter
- The Executive Committee Mandate
- The Governance, Nomination and Remuneration Committee Charter
- The Board Risk Policy Committee Charter
- The Audit Committee Charter
- The Shariah Governance Framework
- BSC Mancom Charter
- Group Mancom Charter
- GIB Group Subsidiary Corporate Governance Policy
- The Board of Directors and Board Committee Evaluation Policy and Procedure



## Gulf International Bank B.S.C.

# APPENDIX A

## Credit Granting Authorities of the Executive Committee

Rating / Type of limit	1	2	3	4	5	6	7-10
<b>Percentages (%) #</b>							
<b>I. COUNTRY LIMITS</b>							
KSA	USD20,000MM						
Others *	500%	360%	100%	40%	14%	8%	USD60MM
<b>II. SINGLE OBLIGOR LIMITS</b>							
<b>A. Exposure</b>							
<b>1. Governments</b>							
KSA	USD20,000MM						
Others *	50%	50%	50%	20%	20%	20%	USD60MM
<b>2. Financial Institutions</b>							
FIs	50%	50%	30%	20%	20%	20%	USD40MM
<b>3. Corporate</b>							
Corporate	30%	30%	20%	20%	20%	20%	USD20MM
<b>B. Underwriting</b>	200% of relevant exposure						Nil
<b>C. Settlement</b>	Financial Institutions.: 200% of relevant Exposure Government and Corporate: 100% of relevant Exposure						Nil
<b>D. Equity**</b>	Maximum of USD10MM to any single name. Counts as Exposure. Maximum of USD20MM to any single name for GCC Private Equity. Maximum aggregate equity exposure of equivalent to 30% of GIB's Capital Base, with a sublimit of 15% for non-marketable equity exposure.						
<b>III. MARKET RISK LIMITS</b>							
VAR limits	10% of GIB's Capital Base for all activities. 2% of GIB's Capital Base for trading activities.						
For credit facilities fully secured by cash collateral, approval will follow the GIB 1-2 authority regardless of rating. For credit facilities secured by cash, cash margins should be netted off from exposure in determining the required level of approval							
Note: Exercising of above limits will be subject to Regulatory Caps as applicable.							

# As percentages of GIB's Capital Base as per the latest published annual reports..

\*For GCC countries and governments other than Saudi Arabia, the limits are at 200% of the relevant limit for each rating category.

\*\*Equity exposure shall be measured on the basis of the equity equivalent of equity related instruments (e.g. convertibles) and the net of long and short positions.



**Gulf International Bank B.S.C.**

# Document Approval Record

The signatories below have given their agreement to this document:

Name	Role	Date
<b>Sarah Ebrahim</b>	Senior Governance Manager	11 September 2023
<b>Omar Al Ansari</b>	Group Head of Governance	11 September 2023

The below authorities have given their approval to this document:

Name	Date
<b>GNRC</b>	17 September 2023
<b>Board of Directors</b>	26 September 2023
<b>EFFECTIVE DATE</b>	26 September 2023