

# The Commercial Bank (P.S.Q.C.) Board Committees Charter

01-01-CTR-003  
January 2025  
Version 14.0

<b>Table of Content</b>	<b>Page Number</b>
<b>I. Introduction.....</b>	<b>6</b>
<b>II. Board Committees Charter.....</b>	<b>7</b>
1. Board Audit Committee .....	7
2. Board Risk and Compliance Committee .....	15
3. Board Executive Committee.....	22
4. Board Remuneration, Nomination & Governance Committee .....	29
<b>III. Abbreviations.....</b>	<b>37</b>
<b>IV. Appendices .....</b>	<b>38</b>
Appendix A: Board Member Nomination Procedure and Term .....	38

### Board Committees Charter - Summary Profile and Approval






Revision History				
Revision Number	Issue Date	Amendment Description	Date Effective	Next Revision Date
2.0	March 2016	General Update		
3.0	May 2017	Updated the Board and Board Committee compositions aligned with the revised Board Committee Structure – April 2017. Amendment on Board meeting invites from one (1) week to ten (10) days in line with QCB CG Guidelines issued to Banks.		
4.0	October 2018	General update for style and consistency, and a general update on all relevant sections in line with the QFMA Governance Code published in the Official Gazette Issue No. (6) Dated 15 May 2017. Updated the BRC to include cyber security governance requirements as per QCB circular 4-2018.		31 October 2021
5.0	November 2019	Update to BRNG's nomination section to be in line with detailed provisions in the Board of Directors Charter, QFMA Corporate Governance Code and revised Board self-assessment questionnaire.		30 November 2022
6.0	November 2020	Update to BACC's responsibilities to ensure an annual compliance audit, and compliance AML/CFT staff receive yearly training		
7.0	September 2021	BACC approves Compliance and Internal Audit's budget. ESG added to BRNGC's responsibilities.		30 September 2024
8.0	November 2021	Responsibilities of BEC split into two separate committees: Board Credit Committee and Board Policy & Strategy Committee		
9.0	January 2022	New responsibilities of BACC to ensure 1) AML/CFT risk management policies and methodology are appropriately documented, including their application and 2) the Bank has adequate screening procedures to ensure high standards when appointing officers and employees. BP&S approves property acquisition and sales. BP&S recommends incorporation and liquidation of subsidiaries. Minimum BCC meetings amended from 12 to 6		

Board Committees Charter  
(01-01-CTR-003)



10	October 2022	Revisions for compliance with QCB Circular 25/2022		
11	November 2023	Revisions for compliance with QCB Circular 25/2022 and decisions as per Board of Directors Meeting No.8/2023		
12	January 2024	Amending membership and remuneration of the Board Members in line with QCB instructions		
13	December 2024	Climate and ESG risk, whistleblowing and annual MLRO report added to BRCC. Agendas sent 5 days prior to meeting		December 2027
14	January 2025	BRCC responsible for oversight of legal risks. BEC responsible for decisions related to legal actions and composition of external law firm panel		January 2028

Review		
Authorized Reviewer	Date	Signature(s)
Head of Corporate Affairs	22/01/2025	<i>Marie Therese Auger</i>
Policy Governance and Oversight Unit (PGOU)	22/01/2025	<i>Javier Ruiz</i>

Approval		
Authorized Approver	Date	Signature(s)
Group Chief Executive Officer	22/01/2025	<i>Joseph Abraham</i>
Board Remuneration, Nomination and Governance Committee	26/01/2025	<i>M. Mandani</i>  
Board of Directors	27/01/2025	 <i>Hussain Ibrahim Alfardan</i>   <i>Jabor Al Thani</i> <i>ijalothman</i> <i>Mohammed Almosallam</i> <i>Tariq Al Malki</i>

The Head of Corporate Affairs will formally review this Charter for its completeness, accuracy and alignment to business imperatives (current and future on a three-year basis, or on a more frequent basis if deemed necessary).

## I. Introduction

Board Committees are established to assist the Board of Directors (the 'Board' or BOD) in providing organized and focused means to govern and achieve the Bank's goals and to properly address issues. The Commercial Bank (P.S.Q.C.) (hereinafter 'Commercial Bank' or the 'Bank') has formed the following four Board Committees:

- Board Audit Committee
- Board Risk and Compliance Committee
- Board Executive Committee
- Board Remuneration, Nomination and Governance Committee

The charters have been developed taking into consideration leading corporate governance practices: corporate governance regulations issued by Qatar Central Bank by virtue of circular No.25/2022 (the QCB Corporate Governance Guidelines); the Qatar Financial Markets Authority governance code for companies & legal entities listed on the main market issued by the QFMA's board pursuant to decision no. (5) of 2016, published in the Official Gazette Issue No. (6) dated 15 May 2017 (the QFMA Corporate Governance Code); and the Qatar Commercial Companies Law (as amended).

This Board Committees Charter should be read in conjunction with the Bank's Corporate Governance Charter (01-01CTR-002) and Board of Directors Charter (01-01CTR-001) as they constitute an integral part of Commercial Bank's corporate governance framework.

The Bank adopts the QCB definition of the "Non-Executive" and "Independent" Board member.

### **Amendments:**

These Charters may be amended by a majority vote cast of the members of the Board present at any meeting, on condition that the proposed amendment(s) should not contradict with the Articles of Association of the Bank unless amended to reflect, and be in line with, any such amendments.

## II. Board Committees Charter

### 1. Board Audit Committee

#### 1.1 Mandate

The Board Audit Committee (BAC) is responsible for assisting the Board in fulfilling its responsibilities relating to oversee the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank.

#### 1.2 BAC Responsibilities

##### Internal Control

- 1.2.1 Review and monitor the adequacy and effectiveness of internal control systems, including accounting and financial controls and the Bank's system to monitor and manage business risk. Report findings to the Board with recommendations and advice.
- 1.2.2 Coordinate with the BRCC for assessment of risk management and control systems.
- 1.2.3 Review the Bank's dealings with related parties, and making sure whether such dealings are subject to, and comply with the relevant controls.
- 1.2.4 Obtain explanations from management, internal auditors and external auditors on whether the Bank's financial and operating controls are adequate and functioning effectively.
- 1.2.5 Consider the effectiveness of the Bank's management of risks and internal controls over annual and interim financial reporting, regulatory and other reporting, including information technology security and controls.
- 1.2.6 Understand the scope of internal and external auditors' review of internal control over financial reports and obtain reports on significant findings and recommendations, together with management's responses.
- 1.2.7 Consider with internal and external auditors any fraud, illegal acts, deficiencies in internal control or other similar areas.

### Internal Audit

- 1.2.8 Review and approve the Internal Audit Policy (06-03-POL-001), annual audit plans, activities, staffing, organizational structure and budget of Commercial Bank's internal audit function.
- 1.2.9 Continuously enhance the internal audit function by ensuring that internal audit staff are independent from the Executive Management in terms of their appointment, assessment of their performance, determination of their salaries, incentives, remuneration, and their direct reporting to the Board Audit Committee.
- 1.2.10 Review and approve the recruitment, appointment, replacement, relocation or dismissal of audit personnel as well as their remuneration and the assessment of the internal audit officers.
- 1.2.11 Ensure that the internal audit staff has continuous training to enhance its excellence and ability to audit all the tasks and activities of the Bank, detect deficiencies, violations and errors, and work to address them in a timely manner.
- 1.2.12 Ensure there are no unjustified restrictions or limitations on the functioning of the Bank's internal audit, as well as on internal audit's access to Bank records, documents, personnel as and when required in performance of their functions. Report findings to the Board together with any recommendations and advice.
- 1.2.13 Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and other applicable standards and best practices.
- 1.2.14 On a regular basis, meet separately with the Chief Internal Auditor to discuss any matters that the BAC or internal audit believe should be discussed privately.
- 1.2.15 Review internal audit reports and recommendations on at least a quarterly basis and determine appropriate action. Follow-up the necessary corrective actions taken to address violations identified by auditors, and set controls required to avoid violations in future.
- 1.2.16 Ensure that the management responds to recommendations by the internal auditors and that all information, records and requests sought for and required by internal auditors in the performance of their formal duties is/are made available to them by management in an unhindered manner. Report findings to the Board with recommendations and advice.
- 1.2.17 Evaluate and approve the job performance and related remuneration of the Chief Internal Auditor, and make recommendations to the Board regarding the appointment or termination of the Chief Internal Auditor, as well as evaluate the performance of internal audit staff.



### External Audit

- 1.2.18 Review recommendations regarding the external auditors, audit plan and the results of their audit including whether they have had full access to all relevant documents.
- 1.2.19 Review proposed fee and terms of engagement of the Bank's external auditors and makes recommendations to the Board for further action and decision.
- 1.2.20 Review and discuss with the external auditor the nature, scope and efficiency of the audit performed by them in accordance with International Standards on Auditing (ISA) and International Financial Reporting Standards (IFRS).
- 1.2.21 Review the performance of the external auditors, and recommend final discharge of the auditors. In case of any conflict with the Board, the decision will be documented.
- 1.2.22 Review and confirm the independence and objectivity of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Bank, including non-audit services.
- 1.2.23 Make recommendations to the Board regarding the reappointment of the external auditors.
- 1.2.24 Review recommendations to appoint external auditors on additional assignments outside their prevailing mandate.
- 1.2.25 Review and approve with the external auditors the interim and annual financial statements, including any changes in accounting policies, with recommendation for Board approval.
- 1.2.26 On a regular basis, meet separately with the external auditors to discuss any matters that the BAC or auditors believe should be discussed privately, including management responses to their reports.
- 1.2.27 Seek specialized technical assistance from external consultants to perform independent reviews of any areas the BAC deems necessary according to the committee's assigned authorities and resources.

### Financial Statements

- 1.2.28 Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional or regulatory pronouncements, and understand their impact on the financial statements of the Bank including all subsidiaries and related entities (if any) falling under any jurisdiction inside or outside Qatar.
- 1.2.29 Review and approve the interim and annual financial statements and consider whether they are accurate, valid, complete, and consistent with the information known to BAC members and reflect appropriate accounting standards and principles.
- 1.2.30 Ensure that the financial statements and reports are in compliance with accounting policies and practices determined by QCB, the QFMA, the applicable listing rules in the Qatar Exchange market, and with disclosure rules and any other requirements relating to the preparation of financial reports.
- 1.2.31 Review with management and the external auditors all matters required to be communicated to the BAC under generally accepted auditing standards.
- 1.2.32 Understand how management develops interim financial information, and the nature and extent of internal audit, external audit involvement and coordination.
- 1.2.33 Review any legal matters that could significantly impact the financial statements of the Bank.

### Presenting Reports

- 1.2.34 Regularly report to the Board about BAC activities, issues and related recommendations, after reviewing and approving the audit plan annually.
- 1.2.35 Subject to applicable regulatory requirements, report annually to the shareholders describing the BAC's composition, role and responsibilities and how these were discharged and any other information required by regulations.
- 1.2.36 Inform and advise the Board of Directors on all audit issues and recommendations.

### Others

- 1.2.37 Conduct an annual self-evaluation of the performance of the BAC, including its effectiveness and compliance with its Charter.
- 1.2.38 Annually review the BAC's Charter and recommend to the Board any changes, where applicable.

## **1.3 Composition**

### Number of Members and Mix

- 1.3.1 Composed of three (3) members
- 1.3.2 The majority of the BAC shall be Independent and Non-Executive Board members.
- 1.3.3 The chairman of the BAC shall be an Independent Board member
- 1.3.4 The Chairman of the Board shall not be a member in the BAC.
- 1.3.5 Any member of the BAC may not be a member of any other committee.
- 1.3.6 In his absence, the BAC chairman can designate another member of the BAC as the chairman.

1.3.7 Other members of Commercial Bank's management may attend meetings by invitation of the BAC.

Term

1.3.8 The membership will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

**1.4 Membership**

Qualifications and Requirements

1.4.1 Majority of the BAC members should have knowledge of finance and accounting.

1.4.2 Any person who has previously conducted audit for the Bank within the previous two financial years shall not be a BAC member.

Nomination

1.4.3 The Board should approve appointments of the BAC members.

Resignation

1.4.4 Three months notice period and should be approved by the BAC chairman and the Board.

Compensation

1.4.5 The BAC chairman and members shall be remunerated in accordance with the compensation and benefits structure approved by the Board Remuneration, Nomination & Governance Committee and the Board.

### Committee Secretary

1.4.6 Appointed by the BAC, the BAC secretary will be responsible for maintaining all BAC documentation, distribution of meeting agendas, arranging for committee meetings in addition to other duties included in the job description of the BAC secretary.

## **1.5 Meetings**

### Venue

1.5.1 Commercial Bank head office or other location approved by the BAC chairman.

### Frequency

1.5.2 The BAC will meet at least four (4) times a year and more frequently if needed.

1.5.3 The BAC shall hold private meetings at least annually with the chief internal auditor, without the presence of the management.

1.5.4 A meeting of the BAC may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

### Invitation and Agenda

1.5.5 Agenda for each BAC meeting shall be circulated 5 days prior to the date of the meeting.

### Quorum

Two (2) members of the BAC shall comprise a quorum.

### Decisions

1.5.6 The decisions of the BAC must be unanimous.

1.5.7 Decisions of the BAC may also be taken by circulation among members.

Access to Information

1.5.8 The BAC, in performing its functions, may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external advisor of the Bank.

Minutes of Meeting

1.5.9 Minutes shall be kept of each BAC meeting and such minutes along with a schedule of action items shall be circulated within a week after the meeting to all BAC members.

## 2. Board Risk and Compliance Committee

### 2.1 Mandate

The Board Risk and Compliance Committee (BRCC) is responsible for all aspects of enterprise risk management including, but not restricted to: business; credit; market; operational; environmental, social & governance (ESG); climate; legal; reputational, and cyber security risk. The BRCC reviews policies on all risk matters, maintain oversight of all Bank risks through the Management Risk Committee (MRC), the GCEO, and the CRO and provides risk management directives through the GCEO and the CRO.

Further, the BRCC is responsible for setting forth compliance and Financial Crimes Control including Anti-Money Laundering, Combating Financing of Terrorism, Anti-Fraud, Anti Bribery and Corruption requirements, criteria and control mechanisms for all activities involving Bank-wide related risk.

### 2.2 BRCC Responsibilities

#### Risk

2.2.1 Establish an effective independent risk management function, which should be granted sufficient authority, resources and incentives suitable for staff, with direct access the Board of Directors, Board Committees and to any other Bank department to fulfil its duties.

2.2.2 Ensure the performance of risk management employees, who function independently from the other business of the Bank.

2.2.3 The BRCC will set forth risk policies, criteria and control mechanisms for all activities involving all types of risk:

- 2.2.3.1 Risk policies and related standards, methodologies used in managing the risks in the Bank while taking into consideration recommendations made by MRC, GCEO and the CRO;
- 2.2.3.2 Risk strategy and risk appetite of the Bank, for all identified quantitative and qualitative risk related issues, including: credit; market; operational; environmental, social & governance (ESG); climate, and cyber security risk for Board approval;
- 2.2.3.3 The Risk Charter of the Bank (14-01-CTR-001) as recommended by the MRC and GCEO;
- 2.2.3.4 Risk, asset & liability management, treasury, special asset management and cyber security policies and delegation of authority manuals (DOAs), as recommended by the MRC.

2.2.4 Review and ratify risk tolerance levels and portfolio limits, including limits associated with industry sector, geography, asset quality and others, as approved by the MRC.

2.2.5 Provide oversight management of business continuity.

2.2.6 Provide oversight of the Bank's legal risks, and refer decisions related to legal actions to the BEC as necessary.

2.2.7 Review and assess the performance of the MRC and the risk group in monitoring and controlling risk to ensure that the strategies and policies approved by the Board are adhered to and implemented.

2.2.8 Review and provide the Board risk reports as well as other reports covering Bank-wide portfolio trends.

2.2.9 Review and assess the sustainability performance of the Bank in terms of environmental, social & governance (ESG) risk and climate risk through defined strategy and risk appetite.

2.2.10 Review and approve the Bank's personal data privacy policy.

2.2.11 Approve the Bank's overall cyber security strategy.

2.2.12 Provide oversight of the Bank's technology and cyber security risks, and ensure that measures are in place to support the Bank's related business strategies and objectives.



- 2.2.12.1 The BRCC shall request senior management to periodically review on at least an annual basis, the adequacy of the Bank's cyber security controls in line with emerging cyber security threats. Senior management shall provide reasonable justification to the BRC for any identified material gaps.
- 2.2.12.2 The BRCC may request the Chief Information Security Officer, other experts in cyber security, and management from relevant Bank departments to guide them on matters relating to cyber security to ensure the BRCC has adequate technical representation.
- 2.2.13 Regularly review the Bank's sustainable finance framework and receive updates on the portfolio. In addition, the BRCC shall also be updated on the usage of proceeds of any issuance under the Bank's ESG strategy.
- 2.2.14 Make recommendations to the BRNGC and Board regarding the appointment or termination of the Chief Risk Officer, whose duties and responsibilities are independent from other business lines of the Bank. The Chief Risk Officer shall be responsible before the GCEO and the Board for the implementation of the comprehensive risk management framework.
- 2.2.15 Assess the job performance and related remuneration of the Chief Risk Officer with the GCEO. Approve the job performance and related remuneration of the Chief Risk Officer.

Compliance and Financial Crime Control (AML/CFT, Sanctions Compliance and Fraud Control)

- 2.2.16 Establish an effective independent compliance and Financial Crimes Control function, which should be granted sufficient authority, resources and incentives suitable for staff, with direct access to the Board of Directors, Board Committees and to any other Bank department to fulfil its duties.
- 2.2.17 Review and approve the Bank's Compliance and Financial Crimes Control policies including AML/CFT, Sanctions Compliance, Anti-Fraud, Anti Bribery and Corruption Policies, plans, activities, staffing, organizational structure and budget of the Compliance and FCC function. In addition to the policies relating to the Personal Data Privacy Protection, and the FATCA/CRS.
- 2.2.18 Ensure the Bank's Financial Crimes Control including AML/CFT, Sanctions Compliance, Anti-Fraud, Anti Bribery and Corruption risk management policies and methodology are appropriately documented, including their application.
- 2.2.19 Ensure the efficiency of the Compliance and Financial Crimes Control including AML/CFT, Sanctions Compliance, Anti-Fraud, Anti Bribery and Corruption functions in detecting the deviations and breaches within the Bank, and ensure the non-existence of any factors that would impact its independence, and objectivity as well as proper reporting of the compliance and Financial Crimes Control functions.

- 2.2.20 Ensure that periodic audit of the compliance and Financial Crimes Control functions takes place.
- 2.2.21 Review and approve the appointment, replacement or dismissal of the compliance/ Financial Crimes Control personnel and their remuneration.
- 2.2.22 Ensure that the Bank's compliance and Financial Crimes Control personnel receive yearly job-specific training.
- 2.2.23 Ensure the Bank has adequate screening procedures to ensure high standards when appointing officers and employees.
- 2.2.24 Ensure there are no unjustified restrictions or limitations on the functioning of the Bank's compliance and Financial Crimes Control, as well as on compliance's / MLRO access to Bank records, documents, personnel as and when required in performance of their functions. Report findings to the Board together with any recommendations and advice.
- 2.2.25 Review the effectiveness of the system for monitoring compliance with applicable local as well as international laws, regulations and standards (e.g. Foreign Account Tax Compliance Act and Common Reporting Standards). Monitor the results of management's investigation and follow-up (including disciplinary action if applicable) of any instances of non-compliance within the Bank.
- 2.2.26 Review the effectiveness of the Bank's whistleblowing framework.
- 2.2.27 Review findings of regulatory inspections and internal compliance reviews, and ensure appropriate action is taken by the management.
- 2.2.28 Review compliance & Financial Crimes Control reports and recommendations and determine appropriate action.
- 2.2.29 Ensure there is an effective mechanism for control, monitoring and reporting on the Financial Crimes Control measures and related issues.
- 2.2.30 Ensure that the compliance requirements of external branches and subsidiaries (if any) outside the State of Qatar are covered within the framework of the whole Bank's compliance and Financial Crimes Control policies and those compliance policies of related entities.
- 2.2.31 Make recommendations to the BRNGC and Board regarding the appointment or termination of the Chief Compliance Officer/MLRO, whose duties and responsibilities are independent from other business lines of the Bank. The Chief Compliance Officer shall be

responsible before the GCEO and the Board for the implementation of the comprehensive compliance and Financial Crimes Control management framework.

- 2.2.32 Assess the performance and related remuneration of the Chief Compliance Officer with the GCEO. Approve the job performance and related remuneration of the Chief Compliance Officer.
- 2.2.33 Review the Annual Report made by the MLRO and send it to the Board of Directors for their review and to take any necessary action required. The Annual Report made by the MLRO shall be sent to the Board of Directors in a timely manner and no later than 4 months after the end of the financial year to which the Annual Report relates.
- 2.2.34 In case the Annual MLRO report identifies deficiencies relating to the Bank's compliance to the applicable AML/CFT laws, regulations and training programs, the BRCC shall prepare and/or endorse to the Board of Directors for the approval of an action plan to remediate the deficiencies in a timely manner.

#### Presenting Reports

- 2.2.35 Regularly report to the Board about the BRCC activities, issues and related recommendations, including periodic reports on risks the Bank is exposed to currently or in the future, or on any violation of policies, laws and supervisory instructions
- 2.2.36 Subject to applicable regulatory requirements, report annually to the shareholders describing the BRCC's composition, role and responsibilities and how these were discharged and any other information required by laws and regulations.

#### Others

- 2.2.37 Conduct an annual self-evaluation of the performance of the BRCC, including its effectiveness and compliance with its Charter.
- 2.2.38 Annually review the BRCC's Charter and recommend to the Board any changes, where applicable.

## 2.3 Structure

### Number of Members and Mix

2.3.1 Composed of three (3) members

2.3.2 The majority of the BRCC shall be Independent or Non-Executive Board members.

2.3.3 In his absence, the BRCC chairman can designate another member of the committee as the BRCC chairman.

2.3.4 The Bank's Chief Risk Officer and Chief Compliance Officer are permanent invitees to BRCC meetings and other members of the Bank's management may attend meetings by invitation of the BRCC.

### Term

2.3.5 The membership will run concurrently with the term spent on the Board and will be for a maximum three year renewable period.

## 2.4 Membership

### Qualifications and Requirements

2.4.1 All members of the BRCC must have requisite knowledge of risk management.

### Nomination

2.4.2 The Board should approve appointments of the BRCC members.

### Resignation

2.4.3 Three months' notice period and should be approved by the BRCC chairman and the Board.

### Compensation

2.4.4 The BRCC chairman and members shall be remunerated in accordance with the compensation and benefits structure approved by the Remuneration, Nomination & Governance Committee and the Board.

#### Committee Secretary

2.4.5 Appointed by the BRCC, the BRCC secretary will be responsible for maintaining all committee documentation, distribution of meeting agendas, arranging for committee meetings in addition to other duties included in the job description of the BRCC secretary.

## **2.5 Meetings**

#### Venue

2.5.1 Commercial Bank head office or other location approved by the BRCC chairman.

#### Frequency

2.5.2 The BRCC will meet at least four (4) times a year and more frequently if needed.

2.5.3 A meeting of the BRCC may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

#### Invitation and Agenda

2.5.4 Agenda for each BRCC meeting shall be circulated 5 days prior to the date of the meeting.

#### Quorum

2.5.5 A quorum comprises of two (2) members, and should include the BRCC chairman or his designate.

#### Decisions

2.5.6 All decisions taken should be unanimous.

2.5.7 Decisions of the BRCC may be taken by circulation among members.

#### Access to Information

2.5.8 The BRCC, in performing its functions, may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external advisor of the Bank.

#### Minutes of Meeting

2.5.9 Minutes shall be kept of each BRCC meeting and such minutes along with a schedule of action items shall be circulated within a week after the meeting to all BRCC members.

### **3. Board Executive Committee**

#### **3.1 Mandate**

The Board Executive Committee (BEC) acts as a consultative body to the Board, which handles matters that require the Board's review, but may arise between Board meetings. The BEC is responsible for reviewing credit facilities and major investments (within authorized limits as per QCB and Board guidelines) which are not discussed at length in Board meetings. The BEC is also mandated with attending to issues relating treasury

and to approving all strategies, plans, budget/objectives and policies, procedures and systems as well as reviewing the performance of the Bank in relation to each of the foregoing.

### **3.2 BEC Responsibilities**

#### Credit

- 3.2.1 Review credit facilities and major investments in accordance within the approved limits as per the Bank's approved Board delegation of authority (DOA).
- 3.2.2 Recommend credit facilities to the Board where these are above 10% of the capital & reserves of the Bank.
- 3.2.3 Based on management recommendation, review country risk exposures and financial institution's exposures and recommend amendments in country limits to the Board of Directors.
- 3.2.4 Review the strategy on recovery of special asset relationships, whenever required.
- 3.2.5 Review all credit proposals (other than off-the-shelf products) relating to PEPs, within the Risk Delegation of Authority (14-01-DOA-001).

### Policies

3.2.6 Review, approve and recommend to the Board where applicable, policies relating to the Bank's organisation and operations including all necessary authorities required by Executive Management in the execution of their responsibilities (except those policies which are subject to other relevant Board Committee review as provided in the Board Delegation of Authority (DOA)).

### Strategy

3.2.7 Develop the long-term strategy of Commercial Bank based on economic and market conditions and Board's vision. Review the Bank's overall strategy and ensure implementation and execution.

3.2.8 Review and recommend annual business plans and budgets across Commercial Bank in line with the long-term strategy and changes in economical, market, and regulatory environments.

3.2.9 Review and recommend Commercial Bank's brand vision and define values with all associated brands across the Bank.

3.2.10 Receive reports and analysis of the Bank's financial and operating performance, and to evaluate key performance indicators against their accompanying strategies.

3.2.11 Review and approve Commercial Bank's corporate social responsibility strategy in light of Commercial Bank's values.

3.2.12 Review requests for donations and social support.

3.2.13 Review requests for sponsorship as provided in the Board Delegation of Authority.

3.2.14 Review decisions relating to corporate premises including recommendations to the Board as to acquisition of corporate premises.

3.2.15 Approve the acquisition and sale of property. Shareholder approval is required if any sale or acquisition (including a series of linked sales and acquisitions) exceeds 10% of the lesser of either the Bank's market value or the net value of the Bank's assets.

3.2.16 Review and recommend the incorporation and liquidation of subsidiaries.



3.2.17 Approve the appointment of external consultants (except the consultants appointed by the independent functions) as per the Bank's approved Board delegation of authority (DOA).

#### Presenting Reports

3.2.18 Regularly report to the Board about BEC activities, issues and related recommendations.

3.2.19 Subject to applicable regulatory requirements, report annually to the shareholders describing the BEC's composition, role and responsibilities and how these were discharged and any other information required by regulations.

#### Legal

3.2.20 Approve the inclusion and removal of external law firms on the Bank's legal panel.

3.2.21 Take decisions related to legal actions within the approved limits as per the Board delegation of authority.

#### Others

3.2.22 Conduct an annual self-evaluation of the performance of the BEC, including its effectiveness and compliance with its Charter.

### **3.3 Composition**

#### Number of Members and Mix

3.3.1 Composed of three (3) members.

3.3.2 BEC members shall be Executive Board members.

3.3.3 In his absence, the BEC chairman can designate another member of the BEC as the chairman.

3.3.4 The Bank's Group Chief Executive Officer and Chief Risk Officer are permanent invitees to BEC meetings and other members of the Bank's management may attend meetings by invitation of the BEC.

#### Term

3.3.5 Membership to the BEC will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

### **3.4 Membership**

#### Qualifications and Requirements

3.4.1 Majority of the members should have knowledge of credit management and / or corporate strategy.

#### Nomination

3.4.2 The Board should approve the appointments of the BEC members.

#### Resignation

3.4.3 Three months' notice period and should be approved by the BEC chairman and the Board.

#### Compensation

3.4.4 The BEC chairman and members shall be remunerated in accordance with the compensation and benefits structure approved by the Remuneration, Nomination & Governance Committee and the Board.

#### Committee Secretary

3.4.5 Appointed by the BEC, the BEC secretary will be responsible for maintaining all BEC documentation, distribution of meeting agendas, arranging for BEC meetings in addition to other duties included in the job description of the BEC secretary.

### **3.5 Meetings**

#### Venue

3.5.1 Commercial Bank head office or other location approved by the BEC chairman.

#### Frequency

3.5.2 The BEC will meet at least six (6) times a year.

3.5.3 A meeting of the BEC may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

#### Invitation and Agenda

3.5.4 Agenda for each BEC meeting shall be circulated 5 days prior to the date of the meeting.

#### Quorum

3.5.5 A quorum comprises of two (2) members.

#### Decisions

3.5.6 All decisions taken should be unanimous.

3.5.7 Decisions of the BEC may be taken by circulation among members.

#### Access to Information

3.5.8 The BEC, in performing its functions, may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external advisor of the Bank.

#### Minutes of Meeting

3.5.9 Minutes shall be kept of each BEC meeting and such minutes along with a schedule of action items shall be circulated within a week after the meeting to all BEC members.

## 4. Board Remuneration, Nomination & Governance Committee

### 4.1 Mandate

The Board Remuneration, Nomination & Governance Committee (BRNGC) is responsible for setting the Bank's remuneration framework for the Board members, management and staff. The BRNGC is responsible for recommending Board members' appointments and re-nomination for election by the General Assembly as well as conducting the annual self-assessment of the Board's performance.

### 4.2 Remuneration, Nomination & Governance Committee Responsibilities

#### Remuneration

4.2.1 Prepare and recommend to the Board for approval, remunerations and incentives policies that includes all remunerations and incentives for the Chairman, Board members, GCEO, Executive Management and employees that:

- are consistent with relevant best international banking practices, QCB's relevant instructions, and Principle 7 of QCB Circular 25/2022 (QCB Corporate Governance Instructions);
- considers all types of risks exposed while allocating remunerations, in such a way that there should be alignments between profits gained and degree of risk for banking business and activities.

4.2.2 Oversee the application of the policies detailed above and review them annually. The BRNGC should work with the BRCC or Chief Risk Officer regarding the assessment of incentives under a risk assessment based remuneration system.

4.2.3 Ensure that the period of remuneration payment is aligned with actual income and what can impact it in the future, particularly with respect to estimates of future revenues with uncertain timing and probability.

4.2.4 Approve and recommend to the Board, the performance and related remuneration of the GCEO and all staff. Regarding the independent functions:

- the performance and related remuneration of the Chief Internal Auditor shall be approved by the Chairman of the BAC. This shall be in line with the Bank's applicable approved remunerations and incentives policies and the Chairman of the BAC may consult with Human Capital in this regard;
- the performance and related remuneration of the Chief Risk Officer and Chief Compliance Officer shall be approved by the Chairman of the BRCC and in consultation with the GCEO when making his assessments. The performance and related remuneration shall be in line with the Bank's applicable approved remunerations and incentives policies and the Chairman of the BRCC may consult with Human Capital in this regard.
- the performance and related remuneration of the Company Secretary and Head of Corporate Affairs shall be approved directly by the Chairman in coordination with, and recommendation from, the Managing Director, and shall be in line with the Bank's applicable approved remunerations and incentives policies.

4.2.5 Approve and recommend to the Board, the Bank's performance bonus pool. Regarding the independent functions, the BRNGC shall:

- allocate a portion of the available bonus pool to the Audit function, Unit Head will distribute bonus and allocate to the individuals, BAC reviews and approves final allocation
- allocate a portion of the available bonus pool to the Risk and Compliance function. Unit Head(s) will distribute bonus and allocate to the individuals, BRCC reviews and approves final allocation

4.2.6 Approve the employment requirements, employment contract, and the relevant procedures such as pensions, basic bonus, increments, in addition to the end of service requirements relating to the Bank's GCEO.

4.2.7 Present the Bank's applicable remuneration policies to the General Assembly for approval after being approved by the Board.

- 4.2.8 Present recommendations to the Board related to current and new Executive Management members remunerations in accordance with the remunerations levels in the banking sector.
- 4.2.9 Ensure that the remuneration structure and benefits for the Bank staff of all levels is reviewed annually, and present recommendation to the Board for approval.
- 4.2.10 Indicate the requirements related to compensations in the event of terminating the contract of any of the Executive Management members before due date.
- 4.2.11 Obtain professional advisory including counseling independent remuneration advisors when necessary during the process of setting remunerations.

#### Nomination

- 4.2.12 Nominate whoever it deems fit to fill any Executive Management position.
- 4.2.13 Ensure that nominations and appointments of Board members are made according to formal, rigorous and transparent procedures. See Appendix A to this Charter.
- 4.2.14 Ensure that nominations take into account the candidates' ability to meet the requirements and criteria for Board members established by the BRNGC
- 4.2.15 Receive candidacy requests for Board membership, evaluate those requests and submit a list of Board membership candidates to the Board with the BRNGC's recommendations
- 4.2.16 Send to the QCB and QFMA a list of Board member candidates recommended by the BRNGC with CVs, copies of candidacy requirements
- 4.2.17 Nominate whom it deems fit for Board membership when any seat is vacant.

- 4.2.18 Provide recommendations concerning the appropriate size and composition of the Board, including the structure (e.g. type of membership) of Board Committees and exert its best efforts to ensure the Board is not controlled by any individual, entity or group of persons.
- 4.2.19 Recommend the appointment of Commercial Bank representatives in the boards of associate and subsidiaries banks and their board committees.
- 4.2.20 Ensure a succession plan is in place for the GCEO and other Executive Management.
- 4.2.21 Exercise oversight of the evaluation of the Board and Commercial Bank Executive Management.
- Conduct an annual self-assessment of the performance of the Board and Board Committees based on criteria including (but not limited to):
  - compliance of Board members in achieving the Bank's interest, doing the Board Committee's works and their attendance of Board and Board Committee meetings. Review the suitability of each Board member taking into account his attendance of Board and



Board Committee meetings and his effective participation in discussions and decision-making, and consider the Board member's replacement if not proven effective;

- Board composition and the diversity of backgrounds and experience Board members will collectively bring to the Board;
- effectiveness in their corporate governance structures, frequency of meetings, terms of reference and reporting lines;
- sufficient succession planning is in place; and
- good culture and behavior is demonstrated by the Board;

4.2.22 Submit an annual report to the Board with an analysis of the performance of the Board and Board Committees to identify strengths and weaknesses and disclose a summary of the analysis in the Bank's annual corporate governance report.

#### Governance

4.2.23 Draft for Board approval an annual report of the Bank's governance practices and corporate sustainability.

4.2.24 Review and assess on a periodic basis any changes to international and local corporate governance practices that could have an impact on how the Bank operates and manages its governance policies. Eventually, recommend any changes thereto to the full Board.

4.2.25 Supervise the training of the Board members including annual corporate governance training, other training as required by applicable regulations, and the formal induction programme to familiarise and orient incoming Board members with their roles, responsibilities and the Bank's operations.

4.2.26 Prepare required recommendations and proposals to the Board for approval pertaining to the scope of work of relevant management committees as well as other recommendations raised by senior management through appropriate channels.

4.2.27 Consider any governance non-compliance matters and recommend to the Board actions to resolve the same as applicable.

4.2.28 Recommend actions with regard to changes in governance practices where required.

### Others

- 4.2.29 Conduct an annual self-evaluation of the performance of the BRNGC, including its effectiveness and compliance with its Charter.
- 4.2.30 Annually review the BRNGC's Charter and recommend to the Board any changes, where applicable.
- 4.2.31 Exercise oversight of the Bank's Environment, Social and Governance (ESG) strategy and performance.

## **4.3 Composition**

### Number of members and mix

- 4.3.1 Composed of three (3) members
- 4.3.2 BRNGC members shall be Non-Executive Board members. It is preferable, wherever appropriate, that the majority of BRNGC members are Independent Board members.
- 4.3.3 In his absence, the BRNGC chairman can designate another member of the BRNGC as the chairman.
- 4.3.1 The GCEO and other members of Commercial Bank management may attend the meeting by invitation of the BRNGC.

### Term

- 4.3.2 Membership to the BRNGC will run concurrently with the term spent on the Board and will be for a maximum three year renewable period.

## **4.4 Membership**

### Qualifications and Requirements

- 4.4.1 Majority of the members should have knowledge of recent compensation and remuneration trends.

### Nomination

4.4.2 The Board shall appoint members to the BRNGC based on the available pool of Independent members and Non-Executive members from the Board.

Resignation

4.4.3 Three months' notice period and should be approved by the BRNGC chairman and the Board.

Compensation

4.4.4 The BRNGC chairman and members shall be remunerated in accordance with the compensation and benefits structure approved by the BRNGC and the Board.

Committee Secretary

4.4.5 Appointed by the BRNGC, the BRNGC secretary will be responsible for maintaining all committee documentation, distribution of meeting agendas, arranging for BRNGC meetings in addition to other duties included in the job description of the BRNGC secretary.

**4.5 Meetings**

Venue

4.5.1 Commercial Bank head office or other location approved by the BRNGC chairman.

Frequency

4.5.2 The BRNGC will meet at least four (4) times a year.

4.5.3 A meeting of the BRNGC may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

Invitation and Agenda

4.5.4 Agenda for each BRNGC meeting shall be circulated 5 days prior to the date of the meeting.

Quorum

4.5.5 Majority of the members shall comprise a quorum.

Decisions

4.5.6 All decisions taken should be unanimous.

4.5.7 Decisions of the BRNGC may be taken by circulation among members.

Access to Information

4.5.8 The BRNGC, in performing its functions, may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external advisor of the Bank.

Minutes of Meeting

4.5.9 Minutes shall be kept of each BRNGC meeting and such minutes along with a schedule of action items shall be circulated within a week after the meeting to all BRNGC members.

### III. Abbreviations

Abbreviation	Meaning
<b>BAC</b>	Board Audit Committee
<b>BEC</b>	Board Executive Committee
<b>BOD</b>	Board of Directors
<b>BRCC</b>	Board Risk and Compliance Committee
<b>BRNGC</b>	Board Remuneration, Nomination and Governance Committee
<b>GCEO</b>	Group Chief Executive Officer or Chief Executive Officer
<b>Independent Board Member</b>	As defined by the QCB Corporate Governance Guidelines
<b>MRC</b>	Management Risk Committee
<b>PEP</b>	Politically Exposed Person
<b>QCB</b>	Qatar Central Bank
<b>QFMA</b>	Qatar Financial Markets Authority

## IV. Appendices

### Appendix A: Board Member Nomination Procedure and Term

The Board has established a transparent nomination process which is managed by the Board Remuneration, Nomination & Governance Committee.

#### *Nomination period*

1. The Board shall open the nomination period for the election of the Board of Directors at least 45 days before the General Assembly.
2. After informing the relevant authorities, an announcement detailing the dates of the nomination period, eligibility requirements for Board Members and the application procedure shall be published in two local newspapers (one Arabic and one English), on the Bank's website and via the Qatar Stock Exchange.
3. The nomination period shall be open for 15 calendar days and any applicant meeting the eligibility requirements for Board membership can apply using the application form on the Bank's website and by providing the supporting documents as detailed on the application form and appendix.
4. During the nomination period, applications are accepted during official working hours from 07:30 to 15:00. Any application received after the nomination period will not be considered and applications not meeting the requirements for Board membership or received without the required supporting documents will not be considered.
5. Original copies of the nomination application form and any document requiring the signature of a candidate, together with all the required supporting documents shall be delivered by hand to the Bank's Company Secretary. The Company Secretary shall provide an application receipt.

#### *Review and evaluation*

6. At the end of the nomination period, the Board Remuneration, Nomination & Governance Committee shall review all the submitted application forms and supporting documents.
7. The Board Remuneration, Nomination & Governance Committee shall evaluate each candidate as follows:
  - The candidate meets all the Board member requirements; and
  - The candidate has provided the required documentation.
8. The Board Remuneration, Nomination & Governance Committee has the right to request additional documentation from a candidate and request a meeting with a candidate to ensure they meet the necessary requirements.
9. Following evaluation, the Board Remuneration, Nomination & Governance Committee shall prepare a report to the Board of Directors listing all the names and details of eligible candidates, together with the Board Remuneration, Nomination & Governance Committee's comments and recommendations.
10. The Board Remuneration, Nomination & Governance Committee shall also review and evaluate applications of existing Board Members for re-election. In the event of a conflict of interest when the candidate is a member of the Board Remuneration, Nomination & Governance Committee, the application will be referred directly to the Board.
11. The Board of Directors shall send a list of the candidates' names and data, with each candidate's CV and candidacy requirements, together with the Board's recommendations based on the Board Remuneration, Nomination & Governance Committee's report, to the QCB and QFMA for approval at least two weeks before the date of specified Board elections (QFMA Corporate Governance Code, Article 5).
12. The Board of Directors shall disclose the final list of eligible candidates to the Qatar Stock Exchange and Ministry of Economy and Commerce together with the Board's recommendations based on the Board Remuneration, Nomination & Governance Committee's report, and publish the same on its website together with all necessary information about the candidates one week prior to the General Assembly to be convened to elect a new Board, or immediately upon obtaining the necessary regulatory approvals on the candidates, whichever occurs earlier (QFMA Corporate Governance Code, Article 35).

### *Election*

13. Board Members are elected by the Ordinary General Assembly through secret ballot in accordance with the cumulative voting method (AOA Article 23, QFMA Corporate Governance Code, Article 35).
14. If the number of candidates is equal to the number of open positions, then the candidate shall be elected as a Board Member by acclamation.
15. If a Board Member is elected by acclamation, the QCB and QFMA will be notified that the candidate is elected by acclamation as per Section 14 above. An announcement will be made on the Bank's website declaring the candidate is elected by acclamation, together with all necessary information about the candidate, and the same disclosed to the Qatar Stock Exchange as per Section 12 above.
16. The election of Board Members by acclamation shall be ratified by the Ordinary General Assembly.

### *Term*

17. Members of the Board of Directors shall be elected for a renewable term of three years. The tenure of an independent Board Member may not exceed two terms of the Board.