



بنك دبي الإسلامي
Dubai Islamic Bank

Code of Corporate Governance

Approving Authority: Board of Directors

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1. DEFINITIONS

Unless the context requires otherwise, the following expressions used in this Code shall have the meanings assigned to them below:

Affiliate	An entity owned by another entity by more than 25% and less than 50% of its issued capital.
Articles	DIB's Articles of Association as amended or restated from time to time.
BAC	The Board Audit Committee.
BCIC	The Board Credit and Investment Committee.
Board	The Board of Directors.
Board Secretary	Secretary of the Board.
BNRC	The Board Nomination and Remuneration Committee.
BRCGC	The Board Risk, Compliance and Governance Committee.
Central Bank	The Central Bank of the United Arab Emirates.
CGU	The Corporate Governance Unit established for the purposes of monitoring compliance with the provisions and requirements of this Code and DIB's corporate governance related practices.
Chair	Chair of the Board.
Committee Chair	Chair of a committee of the Board.
Committee Secretary	Secretary of a committee of the Board.
Conflict of Interest	A situation of actual or perceived conflict between the duty and private interests of a person or entity, which could improperly influence a person or entity in performing their duties and responsibilities.
Control Functions	The functions that have a responsibility independent from management to provide objective assessment, reporting and/or assurance, including risk management, compliance, internal Sharia control, internal audit and internal Sharia audit functions.
Controlling Shareholder	A shareholder who has the ability, through ownership of a percentage of the shares or under an agreement or other arrangement, to directly or indirectly control or influence the appointment of the majority of the company's board of directors, or the decisions made by the company's board or the general assembly.
Corporate Governance Regulations	All applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank's Corporate Governance Regulations and Standards for Banks (Circular No.:89/2019) as amended and the Securities and Commodities Authority Chairman's Resolution No. 3/Chairman of 2020 Regarding the Approval of the Public Joint-Stock Companies Governance Guide as applicable to banks. In the event of a contradiction with any provisions of the SCA

	regulation, the requirements of the Central Bank's Regulations and Standards shall prevail.
DIB	Dubai Islamic Bank PJSC.
Director	A member of the Board, who shall be a Non-Executive Director.
Duty of Care	The duty of a Director to decide and act on an informed and prudent basis with respect to DIB.
Duty of Confidentiality	The duty of a Director to observe confidentiality in respect of all information of a confidential nature with which a Director is entrusted by DIB or which is brought to their attention during, or at any time after, their appointment on the Board.
Duty of Loyalty	The duty of a Director to act in good faith in the interest of DIB and not to act in a person's own interest, or the interest of another individual or group, at the expense of DIB and its shareholders.
Employee	A person with a contract of employment (fulltime or part-time) with DIB, or a Group entity, who exclusively performs services for DIB.
First-Degree Relative	A person's parents, siblings and children.
Government	Government shall mean the UAE Federal Government or one of the governments of the member Emirates of the UAE.
Group	The group of entities which includes DIB, its Controlling Shareholder (if applicable), any Subsidiary of DIB or its Controlling Shareholder and any Affiliate, joint venture, sister company and other member of the Group.
GCEO	The Group Chief Executive Officer appointed by the Board.
HSA	The Higher Sharia Authority established by the Central Bank under cabinet resolution no (102/1/ 5) 2016.
Independent Director	A Director who has no relationship with DIB or the Group that could lead to benefit that could affect the Director's decisions and who is not under any other undue influence, internal or external, ownership or control, which would impede their exercise of objective judgment.
ISAD	Internal Sharia Audit Department.
ISCD	Internal Sharia Control Department.
ISSC	Internal Sharia Supervision Committee.
Non-Executive Director	A member of the Board who does not have any management responsibilities within DIB, and may or may not qualify as an Independent Director.
SCA	The Securities and Commodities Authority.
Senior Management	DIB's executive management who are responsible and accountable to the Board for the sound and prudent day-to-day management of DIB.

Stakeholders	Any person who has an interest or a stake in DIB, such as shareholders, Employees, investors, sukuk holders, creditors, customers (current and prospective), depositors, suppliers, supervisory bodies, and the community in which DIB operates.
Sharia Standard	The Sharia Governance Standard for Islamic Financial Institutions issued by the Central Bank.
Subsidiary	An entity in which another entity owns more than 50% of its issued capital, or which is under full control of that entity regarding the appointment of the board of directors.
Terms of Reference	A document that sets out the authority, responsibilities, and membership of the Board, Board committees, and management committees in DIB.
Vice Chair	Vice Chair of the Board.

2. FOREWORD

Message from the Chairman

Dubai Islamic Bank PJSC (**DIB**) has been creating history ever since the beginning of the bank's illustrious journey as the world's first full service Islamic bank in 1975. Today the bank continues to charge ahead as a pioneer in the industry and contributes to Dubai's vision to be the capital of the Islamic economy.

DIB is focused on enhancing enterprise value over the long term and delivering on its commitments to all Stakeholders. DIB is committed to strengthening customer confidence and trust in itself and consequently, the financial services industry as a whole. A strong corporate governance culture and robust practices are crucial components that support DIB in achieving these objectives.

A corporate governance system facilitates principled goal setting, effective decision-making, and monitoring of compliance and performance. This enables the Board and Senior Management to interact effectively and respond appropriately to changing circumstances within a framework supported by our core corporate values.

This Code provides an overview of DIB's corporate governance system and its key corporate governance principles and practices. The Board and Senior Management are committed to comply with this Code and to institutionalising its principles and practices throughout DIB.

As DIB's steward, the Board is firmly committed to continuous improvement of DIB's governance system, taking into account regulatory expectations, evolving practices, DIB's strategy and risk appetite.

Message from the GCEO

DIB is committed towards the long-term value and prosperity of our customers and shareholders. Our corporate governance system reflects the bank's aspirations of being a responsible Islamic financial institution with the highest standards within the banking industry. We strongly believe that a robust governance system plays a significant role in supporting sustainable economic growth by building investor confidence in the financial market and succeeding commitment with action.

At DIB, we recognise the importance of this Code and the significance of having a sound corporate governance system. Senior Management stands firmly behind the Board in adopting and implementing this Code, leading by example, upholding the Code's letter and spirit and working in the best interest of the organisation.

We believe that this commitment provides further assurance to all Stakeholders, reinforces our customers' trust, and improves the overall positioning of DIB. Our commitment reflects our conviction that the best way to drive sustainable long-term value to our Stakeholders is through a robust corporate governance system.

3. OUR PHILOSOPHY, OVERARCHING PRINCIPLES AND COMMITMENT

- 3.1. DIB is committed to maintaining robust corporate governance practices and strongly believes that good governance is essential to the ability to generate long-term value on a sustainable basis.
- 3.2. The following overarching principles underpin DIB's approach to corporate governance:

3.2.1. Principle 1: Responsibility

- (a) The Board shall have the overall responsibility for directing and controlling DIB. This includes guiding the strategy, ensuring measured risk-taking and promoting independent and effective oversight of the Group.
- (b) The Board shall be responsible for setting the tone from the top, taking material strategic decisions, ensuring compliance with Sharia, implementing an appropriate governance system and structures, overseeing the performance of Senior Management and ensuring an effective control environment.
- (c) Senior Management, led by the GCEO, shall have responsibility for implementing corporate strategy, embedding governance and corporate culture within DIB and operating the business under the Board's oversight, with the goal of creating sustainable long-term value. Senior Management shall also be responsible to provide the Board with comprehensive, appropriate and timely information to enable it to carry out its responsibilities effectively.
- (d) Directors and Employees shall have a Duty of Loyalty to DIB, shall act solely in the corporate interest and avoid or mitigate the risks associated with conflicts of interest. Directors and Employees shall diligently carry out their duties and responsibilities in a manner that reflects DIB's values.

3.2.2. Principle 2: Accountability

- (a) In discharging its overall responsibility, the Board shall be accountable to DIB's shareholders and other key Stakeholders for the stewardship of DIB and ensuring effective control of the entire business.
- (b) The Board shall hold Senior Management accountable for the day-to-day running of DIB in a manner consistent with the direction and policies approved by the Board and applicable Sharia, legal and regulatory requirements.
- (c) Senior Management, in turn, shall oversee DIB's day-to-day operations ensuring activities are consistent with the approved strategy and risk appetite.
- (d) The ISSC shall be accountable to the shareholders and the Board for the resolutions and fatwas they issue and for compliance with relevant resolutions and standards issued by the HSA.

3.2.3. Principle 3: Transparency

- (a) The Board considers transparency a significant enabler to build trust, both within DIB and externally with its Stakeholders.
- (b) The Board shall be committed to timely disclosure of accurate and relevant information to enable Stakeholders to assess DIB's performance and make informed decisions. In this context, the Board shall ensure that DIB's financial statements and other key disclosures are of high quality and are prepared and published in accordance with applicable laws and regulations.
- (c) The Board shall ensure that the independence of Control Functions is safeguarded to enable them to provide objective assessment, reporting, and where appropriate, assurance on DIB's day-to-day activities.

3.2.4. Principle 4: Fairness

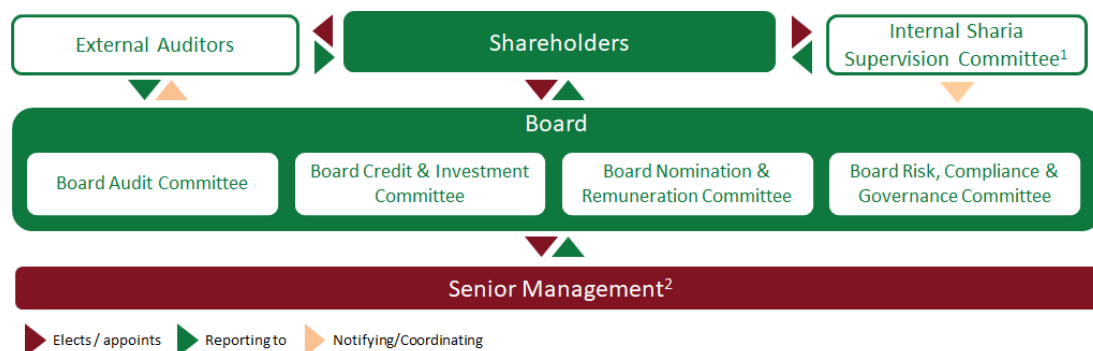
- (a) The Board shall ensure that all shareholders, investors, customers, Employees and other Stakeholders are treated fairly, that their legitimate rights are protected and legitimate interests are taken into consideration in decision-making.
- (b) The Board shall ensure equal treatment of all Stakeholders, investors and the market with respect to the release of financial and non-financial information.

3.3. DIB is committed to:

- (a) conducting its activities with due skill, care and diligence and acting in a professional, fair, honest, competent and transparent manner, taking into account customers' best interests;
- (b) delivering long term and sustainable value;
- (c) complying with its legal and regulatory obligations;
- (d) promoting transparent and efficient management of DIB's affairs, clearly articulating the division of responsibilities;
- (e) ensuring that timely and accurate disclosure is made on all material matters regarding DIB, including its financial situation, performance, ownership and governance;
- (f) protecting and facilitating the exercise of shareholders' rights including minority shareholders, along with securing the legitimate rights of Stakeholders;
- (g) establishing structures that serve as a guide for the Board, Senior Management and Employees for the corporate governance principles and practices to be followed; and
- (h) creating confidence among depositors, investors and other Stakeholders regarding DIB's commitment to work in an ethical and transparent manner.

4. OUR GOVERNANCE STRUCTURE

4.1. The Board has devised the following governance structure which establishes the fundamental relationships between the Board, its committees, Senior Management, and shareholders:



1. **Members of the ISSC** are nominated by the Board for consideration by the shareholders. Nominees are subject to prior approval by the HSA. The ISSC coordinates directly with the Board and the BAC.
2. **Senior Management**, led by the GCEO, report to the Board and its committees as appropriate, and includes but is not limited to:
 - (a) The Group Chief Risk Officer, who reports to the BRCGC and coordinates with Senior Management;
 - (b) The Group Chief Compliance Officer, who reports to the GCEO and has direct access to the BRCGC;
 - (c) The Head of Internal Sharia Control, who reports to the Board and the ISSC (from a technical perspective) and coordinates with Senior Management;
 - (d) The Head of Internal Sharia Audit, who reports to the BAC and to the ISSC (from a technical perspective) and coordinates with Senior Management; and
 - (e) Group Chief Internal Auditor, who reports to the BAC and coordinates with Senior Management.

5. STAKEHOLDERS' RIGHTS AND OUR COMMITMENTS

5.1. Fundamental Principles

- 5.1.1. DIB recognises that the support of its wide range of Stakeholders is fundamental to its continued success.
- 5.1.2. DIB is committed to strengthening its relationships with its Stakeholders, built on the principles of respect, trust, transparency and accountability.
- 5.1.3. DIB is committed to the fair treatment of all Stakeholders and recognising, protecting and facilitating the exercise of their legitimate rights.
- 5.1.4. DIB shall make timely, relevant, reliable, and objective information available to Stakeholders to support informed decision-making. Communications from DIB shall be made available where possible and practicable in Arabic and English and shall be accessible and understandable. Material information shall be communicated to Stakeholders through a range of forums, primarily the DIB website, while complying with applicable laws and regulations.
- 5.1.5. DIB shall maintain a dedicated company website, which shall include all officially disclosed information.
- 5.1.6. DIB is committed to promoting investor confidence by ensuring that trade in DIB's securities takes place in an informed market and that material information is notified to the market in a timely manner.
- 5.1.7. DIB shall not respond to market speculation or rumours unless required to do so by law or its regulatory authorities or as directed by the Board.
- 5.1.8. DIB is committed to adhering to the principles of Islamic Sharia in all its operations and activities.
- 5.1.9. Legitimate views and concerns of Stakeholders shall inform DIB's decision-making and will be addressed in a timely and considered manner.
- 5.1.10. DIB shall adopt a proactive response to changing business conditions and Stakeholder needs, interests and expectations.
- 5.1.11. DIB shall enter into transactions with related parties on arms' length terms without any bias.
- 5.1.12. DIB shall make appropriate channels available for Stakeholders to raise concerns, which shall be addressed in a timely and professional manner.
- 5.1.13. DIB shall safeguard the confidentiality of sensitive information, whether such information relates to DIB itself or any of its Stakeholders.

5.2. Our Shareholders

- 5.2.1. All rights attached to any share shall be established for shareholders in accordance with DIB's Articles and relevant laws and regulations, including but not limited to, the right to:
 - (a) fair and equitable treatment;
 - (b) receive a proportionate share of the profits to be distributed as approved by the Central Bank and consequently the shareholders in the general meeting;

- (c) review and monitor DIB's performance and the activities of the Board and hold the Directors accountable;
 - (d) attend (in person or through proxy in accordance with the provisions of the Articles and relevant laws and regulations) general meetings, participate in deliberations, vote on resolutions and address questions to Directors and the auditors, which would not compromise DIB's interests nor contradict the provisions of applicable laws and regulations; and
 - (e) dispose, purchase or transfer shares in accordance with applicable regulations.
- 5.2.2. DIB shall maintain a dedicated Investor Relations unit, which shall be reachable and available to support shareholders.

5.3. Our Customers

- 5.3.1. Customers represent a key Stakeholder group and are a principal priority for DIB.
- 5.3.2. DIB respects and safeguards its customer's rights. DIB is committed to:
- (a) treating customers fairly and equally;
 - (b) providing transparent, accurate, accessible and clear information relating to the terms and conditions of its products and services;
 - (c) advertising its products clearly and responsibly;
 - (d) protecting customers' interests, assets, information and data;
 - (e) ensuring that depositors' interests take precedence over shareholders' interests;
 - (f) the professional and timely handling of customers' enquiries and concerns; and
 - (g) complying with applicable consumer protection regulations.

5.4. Our Employees

- 5.4.1. DIB believes that our Employees are core to our ability to deliver value.
- 5.4.2. DIB is committed to providing Employees with:
- (a) a safe, inclusive, and professional working environment;
 - (b) learning and development opportunities; and
 - (c) an unbiased performance driven culture which acknowledges people based on their effort and contribution.

6. THE BOARD

6.1. Overview

- 6.1.1. The Board is responsible for the overall stewardship of DIB, fostering its long-term success, financial soundness and delivery of sustainable value to shareholders, while:
- (a) meeting legal and regulatory expectations; and
 - (b) protecting the legitimate rights of Stakeholders.
- 6.1.2. The composition and roles of the Board are governed by:
- (a) applicable laws and regulations;
 - (b) the Articles; and
 - (c) the Board Terms of Reference.
- 6.1.3. The Board shall be sufficiently diverse in its outlook. It shall collectively have the appropriate balance of skills, experience, independence and knowledge to enable it to perform its duties and responsibilities effectively. In doing so, the Board shall take into consideration the Group's size, complexity and risk profile.
- 6.1.4. To aid the Board in the prudent performance of its responsibilities, the Board may establish committees as set out in clause 6.8.

6.2. Responsibilities

- 6.2.1. The Board shall ensure that DIB has robust corporate governance policies and processes, which allow the Board to provide leadership, guidance and effective supervision within a framework of prudent and effective controls.
- 6.2.2. The Board's overall responsibilities include but are not limited to:
- (a) ensuring effective control over DIB's entire business and adequate oversight of the Group. In doing so, the Board shall be responsible to understand the Group structure (and associated risks) and respect the independent legal and governance responsibilities that apply to the individual entities within the Group;
 - (b) overseeing DIB's overall governance framework and arrangements (including those related to Sharia governance and the governance arrangements in respect of the Group) ensuring these arrangements remain effective ;
 - (c) charting DIB's direction, approving and monitoring the implementation of DIB's strategy and risk appetite and ensuring these are aligned. In doing so, the Board shall be responsible to take into account the competitive and regulatory landscape and the nature and extent of the significant risks that DIB is willing to embrace;
 - (d) understanding DIB's obligations to its key Stakeholders, overseeing Stakeholder engagement and ensuring timely, accurate, balanced and transparent disclosures on all material matters regarding DIB;

- (e) ensuring that the necessary structures, resources and policies are in place to enable DIB to effectively meet its objectives and obligations. In doing so, the Board shall be responsible to ensure effective control and risk management systems are in place and that DIB complies with applicable statutory and regulatory requirements.
- (f) monitoring, overseeing and holding Senior Management to account. In doing so, the Board shall be responsible to ensure:
 - (i) activities are carried out in a prudent manner, consistent with the strategy, the risk framework, limits, standards and policies approved by the Board;
 - (ii) that the collective knowledge and expertise of Senior Management remains appropriate;
 - (iii) that succession planning is maintained for Senior Management; and
 - (iv) A fit and proper process is established for the selection of Senior Management.
- (g) overseeing DIB's approach to remuneration by ensuring alignment with DIB's strategy, risk appetite, objectives, values and long-term interests and its financial soundness;
- (h) ensuring compliance with Sharia, engaging and coordinating with the ISSC in respect of Sharia related-matters as appropriate. In doing so, the Board shall meet at least annually with the ISSC to discuss issues pertaining to Sharia compliance and ensure the development, approval and implementation of internal policies related to compliance with Islamic Sharia;
- (i) Playing a lead role in establishing a sound corporate culture, reinforcing the "tone from the top" by:
 - (i) promoting accountability, transparency, responsibility and fairness;
 - (ii) promoting a corporate culture that recognises and safeguards the best interests of customers;
 - (iii) setting, adhering, and communicating to Employees' corporate values and professional standards which create the expectations that all business must be conducted in a legal and ethical manner, while highlighting the disciplinary or other actions that will follow unacceptable behaviours and transgressions;
 - (iv) promoting risk awareness within a strong risk culture and setting the expectations that all Employees are responsible for ensuring DIB operates within the established risk management framework, risk appetite and risk limits; and
 - (v) overseeing the whistleblowing mechanism (including how and by whom legitimate matters are investigated and addressed by an objective party) ensuring that Senior Management appropriately addresses legitimate issues reported and that Employees who raise concerns in good faith are protected from detrimental treatment or reprisals.

6.3. Composition and Independence

- 6.3.1. In line with the Articles, the Board is comprised of nine (9) Directors who, within the limits established by law and by the Articles, shall be elected by a resolution of DIB's shareholders.
- 6.3.2. The composition of the Board shall comply with the following minimum requirements:
- (a) the majority of the Directors shall be UAE nationals;
 - (b) all of the Directors shall be Non-Executive Directors; and
 - (c) at least one third of the Directors will be Independent Directors as determined by the Board, taking into account the recommendation of the Board Nomination and Remuneration Committee (**BNRC**) and the provisions set out in 6.3.3.
- 6.3.3. A Director will lose independence in the circumstances set out in the Central Bank Corporate Governance Regulations which include (where the provisions in "b" to "i" below shall not apply to Directors appointed by a Government shareholder):
- (a) the Director's tenure as a member of the Board exceeds twelve (12) consecutive years from the date of appointment;
 - (b) the Director, or a First-Degree Relative of that Director, has worked as an Employee of the Group in the preceding two (2) years;
 - (c) the Director, or a First-Degree Relative of that Director, has or has had in the preceding two (2) years, a direct or indirect interest in contracts or projects of the Group, and the total of such transactions exceeds the lower of:
 - (i) 5% of DIB's paid up capital; or
 - (ii) AED 5 million (or its equivalent in foreign currency),unless such relationship is part of the nature of DIB's business and involves no preferential terms.
 - (d) the Director has worked for, or is a partner in, a company that provides consulting services to the Group or the Director has acted in such capacity during the preceding two (2) years;
 - (e) the Director has had a personal services contract with the Group during the preceding two (2) years;
 - (f) the Director has been affiliated with a non-profit organisation that receives significant funding from the Group;
 - (g) the Director, or a First-Degree Relative, has been a partner or Employee of DIB's statutory (external) auditor during the preceding two (2) years;
 - (h) the Director or any First-Degree Relative of that Director (individually or collectively) owns directly or indirectly 10% or more of DIB's capital; and
 - (i) the Director is a representative of a shareholder who owns directly or indirectly 10% or more of DIB's capital.

- 6.3.4. In recognition that the increased participation of women supports diversity and Board effectiveness, the Board is committed to ensuring that at least 20% of candidates for consideration for Board membership are female.

6.4. Nomination and Ongoing Satisfaction of Fit and Proper Criteria

- 6.4.1. In all cases, the no objection of the Central Bank shall be obtained prior to the nomination, appointment, renewal or removal of a Director. Any change in the fitness or probity of a Director shall be reported to Central Bank immediately upon DIB becoming aware of such information.
- 6.4.2. Directors shall be, and remain, qualified, individually and collectively, for their positions. The criteria that a Director must meet on appointment, and on an ongoing basis include:
- (a) possessing the necessary knowledge, skills and experience;
 - (b) having a record of integrity and good repute;
 - (c) having sufficient time to fully perform director's responsibilities;
 - (d) providing collective suitability and added value to the Board;
 - (e) not having any conflict of financial or non-financial interests;
 - (f) having a record of financial soundness; and
 - (g) confirming at least annually that he or she meets the fit and proper criteria.
- 6.4.3. A Director shall not (whether in a personal capacity or in the capacity as the representative of a corporate person) be a director on the board of:
- (a) more than five (5) public joint stock companies in the UAE (including those within the Group);
 - (b) more than one bank in the UAE; or
 - (c) more than four (4) banks outside the UAE.
- 6.4.4. To be eligible for consideration, any prospective candidate must:
- (a) possess the necessary knowledge, skills and at least five (5) years of relevant experience;
 - (b) have a record of integrity and good repute which shall include the candidate:
 - (i) not having been previously sentenced to a criminal penalty, or for an offense that involves a breach of honour or integrity or a crime relating to money laundering or terrorist financing, unless they have been rehabilitated;
 - (ii) not being subject to any lawsuits, reports, or prosecution investigations concerning any offense that involves a breach of honesty and integrity;
 - (iii) not having been subject to a judgment of discharge or dismissal from the board of directors of any company listed on the financial market during the year preceding the nomination (unless the candidate has been dismissed or been subject to a judicial ruling as set out in Article

22 of the Corporate Governance Regulations issued by the SCA where the prohibition period shall be three (3) years);

- (iv) not having been refused the right, or been restricted in the right, to carry on any trade, business or profession for which an authorisation (license, certificate, registration or other authority) is required by law, nor having been subject to any disciplinary action in relation to such authorisation; and
 - (v) having a professional record issued by the SCA that is clear of administrative penalties;
 - (c) have no conflict (financial or non-financial) with DIB or any related entity that may impede the candidate's ability to perform duties independently and objectively;
 - (d) have sufficient time to fully discharge their responsibilities;
 - (e) have a record of financial soundness; and
 - (f) fulfil any other terms stipulated in the Articles and applicable laws and regulations.
- 6.4.5. When prospective candidates are sought in the context of a re-election of the Board, a call for nominations shall be announced in advance of the publication of the agenda of the respective annual general meeting at which election is to be tabled.

6.5. Selection and Removal

- 6.5.1. All nominations for the Board shall be subject to rigorous review (including a fit and proper assessment). The Board will consider candidates on the recommendation of the BNRC.
- 6.5.2. Except where applicable laws and regulations or the Articles give the Government the right to appoint Directors, the shareholders shall elect the Directors by way of secret cumulative voting.
- 6.5.3. The Board may appoint new Directors to fill positions that become vacant during the year provided such appointment is presented to the shareholders for approval at the next general meeting. If the positions becoming vacant during a year amount to one quarter of the number of the members of the Board, the Board shall, within a maximum period of thirty (30) days from the date of the last position becoming vacant, call a general meeting to elect new Directors for the vacant positions. In all cases, a replacement shall complete the term of the predecessor that he or she is replacing.
- 6.5.4. Where the Government has exercised its right to appoint persons to the Board, the Government may change its representative(s) by issuing an official letter addressed to the Chair of the Board without the need of having shareholder approval. The newly appointed Director shall complete the term of the predecessor they are replacing.
- 6.5.5. Directors shall be provided with a letter of appointment setting out the terms and conditions of their appointment and seeking their consent to their appointment to the Board.

- 6.5.6. A Director shall cease to be a Director if such Director resigns from the position occupied under a written notice to the Chair identifying the reason for the resignation.
- 6.5.7. A Director shall be deemed to have resigned if:
- (a) such Director is subject to a dismissal decision by the shareholders in a general meeting;
 - (b) such Director is absent from three (3) consecutive or five (5) intermittent Board meetings during the term without a reason acceptable to the Board;
 - (c) such Director becomes a member of the board of any other bank operating in the UAE;
 - (d) such Director is convicted of a crime or offence involving breach of honour or honesty unless reinstated of following receipt of amnesty from the applicable authorities;
 - (e) such Director declares bankruptcy or ceases to pay his or her commercial debts even if bankruptcy is not declared;
 - (f) such Director becomes incompetent or unable to perform his or her duties as a Director; or
 - (g) the membership of such Director violates the provisions of any law or regulation.
- 6.5.8. With the exception of the Directors appointed by the Government, the shareholders shall have the right to dismiss any Director and elect new members.
- 6.5.9. In the event of a judicial judgement proving a Director has concluded deals or transactions involving a Conflict of Interest, such Director shall be dismissed from the Board.

6.6. Induction and Ongoing Development

- 6.6.1. The BNRC shall oversee a formal, comprehensive induction program for new Directors which shall incorporate the provision of information including, but not limited to:
- (a) DIB's vision, purpose, values, strategy and structure;
 - (b) the governance framework and issues relevant to the legal, regulatory and macroeconomic environment in which DIB operates;
 - (c) the Directors' Code of Conduct, Terms of References, policies and processes applicable to Directors; and
 - (d) key issues, risk management framework, internal control system, financial management and business operations.
- 6.6.2. The BNRC shall oversee the Directors' continuing education process taking into account:
- (a) the outcomes of the Board's annual assessment;
 - (b) DIB's strategy;
 - (c) market/industry developments;

- (d) enhancing awareness regarding Islamic finance, compliance with Islamic Sharia and pertinent risk areas.
- 6.6.3. The continuing education process shall be reviewed at least annually and may include in-house or outside programs and the provision of topical materials.

6.7. Director's Remuneration

- 6.7.1. Shareholders shall determine the remuneration of the Directors, which in any year shall not exceed 10% of DIB's net profit after deducting depreciation and reserves.
- 6.7.2. The BNRC shall review and make annual recommendations to the Board on the level of Directors' remuneration. Directors' remuneration shall be comprised of a part relating to their service on the Board and another on the Board committees, with greater weighting applied to chairing committees. Where applicable, the payment may also include sitting fees for attendance at Board committee meetings. There shall be no payment for attendance at Board meetings.
- 6.7.3. Negative performance or a net loss in a financial year may lead to a contraction of the Board's total compensation. The Central Bank may impose additional reductions to the total compensation where the negative performance was due to non-compliance with regulations, omission or error by the Board.
- 6.7.4. Directors shall be reimbursed all reasonable expenses incurred in carrying out their duties. Directors should consult with the Chair if they intend to undertake an activity, which could lead to the incurring of an unusual expense.

6.8. Board Committees

- 6.8.1. To aid the Board in the prudent performance of its responsibilities, the Board may establish committees and assign such committees a mandate and authorities as set out in a respective Terms of Reference for such committee approved by the Board. The Terms of Reference of each committee shall be subject to annual review.
- 6.8.2. Notwithstanding any delegation to a committee, the Board shall retain full responsibility for the decisions and actions taken by such committee.
- 6.8.3. Board committees shall be comprised of at least three (3) Directors who shall be appointed by the Board with due consideration of:
- (a) applicable regulatory requirements;
 - (b) the mandate of the committee;
 - (c) the need for independence; and
 - (d) the mix of skills and experience that collectively enable the committee to effectively perform its duties.
- 6.8.4. The Board may appoint additional members (outside members), who are not Directors, to serve on a Board committee to benefit from their expertise, however such outside member(s) shall not exceed one third of the members and shall be subject to the same obligations as the Directors.
- 6.8.5. The Board shall appoint the Committee Chair and members of each Board committee and the Committee Chair shall appoint a Committee Secretary for that committee taking into consideration the provisions set out in clauses 6.9.4 and 6.9.7.

- 6.8.6. Any member of a Board committee may be removed or replaced at any time by the Board and will automatically cease to be a member of a Board committee if such member ceases to be a Director.
- 6.8.7. The Board may, at any time and subject to ensuring compliance with applicable regulatory requirements, dissolve any committee or cancel, suspend or vary the delegation made to it.
- 6.8.8. The Board shall review, at least annually, the composition of its committees taking into account the recommendation of the BNRC.
- 6.8.9. The term of each Board committee is three (3) years and members may be considered for reappointment, provided that they continue to meet the criteria for membership of the committee and applicable regulatory requirements.
- 6.8.10. Where a member leaves office, the Board shall appoint a new member to the affected Board committee within three (3) months of the date of the vacancy and any such replacement shall complete the term of the predecessor they are replacing.
- 6.8.11. Each Board committee shall arrange, with the support of the relevant Committee Secretary, a suitable induction process for new members of the committee.
- 6.8.12. Board committees shall, through the Committee Chair, report to the Board periodically in respect of the committee's activities and submit an annual report.
- 6.8.13. The Board has established the following standing committees:
- (a) Board Audit Committee (**BAC**);
 - (b) Board Credit and Investment Committee (**BCIC**);
 - (c) Board Nomination and Remuneration Committee (**BNRC**); and
 - (d) Board Risk, Compliance and Governance Committee (**BRCGC**).
- 6.8.14. Board Audit Committee Overview**
- 6.8.14.1. The BAC shall assist the Board in fulfilling its oversight responsibilities with respect to the:
- (a) integrity of DIB's financial statements and controls over financial reporting;
 - (b) relationship with the external auditors, their effectiveness and independence;
 - (c) performance, effectiveness and independence of the Internal Audit function;
 - (d) performance, effectiveness and independence of Internal Sharia Audit function;
 - (e) effectiveness of the control, risk management and governance systems; and
 - (f) effectiveness of the Group internal audit functions.
- 6.8.14.2. Subject to clauses 6.8.36.8.4, all the members of the BAC shall be Non-Executive Directors, at least two (2) of whom shall be Independent Directors.

- 6.8.14.3. The members of the BAC shall collectively have experience in audit practices, financial reporting and accounting and at least one (1) member shall have previous work experience in the field of accounting or financial matters or hold a qualification or professional certificate in accounting, financial or other related matters.
- 6.8.14.4. To assist with the flow of relevant information between the BAC and BRCGC, the BAC shall include at least one (1) member of BRCGC.
- 6.8.14.5. Partners in external auditing firms auditing DIB may not be appointed as members of the BAC for a period of two (2) years as of the expiration of their partnership and financial interests in such auditing firm.

6.8.15. Board Credit and Investment Committee Overview

- 6.8.15.1. The BCIC assists the Board in fulfilling its oversight responsibilities with respect to credit, investment and collection/remedial decisions within the discretionary authority delegated to it by the Board.
- 6.8.15.2. Subject to clauses 6.8.3, 6.8.4 and 6.9.1.6, the members of the BCIC may be Non-Executive Directors or Independent Directors.

6.8.16. Board Nomination and Remuneration Committee Overview

- 6.8.16.1. The BNRC shall assist the Board in fulfilling its oversight responsibilities with respect to:
- (a) matters relating to the composition, succession, remuneration and assessment of the Board and its committees; and
 - (b) oversight of DIB's strategic human resource matters and the compensation system.
- 6.8.16.2. Subject to clauses 6.8.3, 6.8.4, the members of the BNRC shall be Non-Executive Directors, at least two (2) of whom shall be Independent Directors.

6.8.17. Board Risk, Compliance and Governance Committee Overview

- 6.8.17.1. The BRCGC shall assist the Board in fulfilling its oversight responsibilities with respect to:
- (a) implementation of DIB's governance, risk management, compliance and control frameworks and their related operation;
 - (b) monitoring DIB's risk exposures and providing strategic direction to ensure risks remain at an acceptable level;
 - (c) enabling a Group-wide view of DIB's current and future risk position relative to its risk appetite and capital strength; and
 - (d) ensuring DIB's compliance with its legal and regulatory obligations.
- 6.8.17.2. Subject to clauses 6.8.3, 6.8.4, the members of the BRCGC shall be Non-Executive Directors who collectively have experience in risk management, compliance and governance issues and practices and the majority of Committee members shall be Independent Directors.

- 6.8.17.3. To assist with the flow of relevant information between the BRCGC and the BAC, the Committee shall include at least one member of the BAC.

6.9. Role Profiles

6.9.1. The Chair

- 6.9.1.1. After their election by shareholders, the Board shall elect a Chair from amongst its members by secret voting.
- 6.9.1.2. The Chair shall be a UAE national.
- 6.9.1.3. The Chair has the authority to act and speak for the Board, including facilitating communications between the Board and shareholders, engaging with regulators, representing DIB and executing resolutions adopted by the Board.
- 6.9.1.4. The Board may not delegate to the Chair all the powers of the Board in an absolute manner.
- 6.9.1.5. The Chair's role entails but is not limited to:
- (a) providing leadership to the Board and ensuring the overall effectiveness of the Board and its committees, championing the adoption of good governance and ethical standards within the Board and throughout DIB;
 - (b) fostering a board culture that is respectful and inclusive, promoting open, inclusive and critical discussion and constructive challenge, and ensuring that dissenting views can be freely expressed during decision making;
 - (c) ensuring that the Board acts efficiently and prudently fulfils its responsibilities, discusses issues on a timely basis and takes decisions on a sound and well-informed basis. This includes ensuring that Directors receive information that is clear, accurate and not misleading;
 - (d) approving the agenda of each Board meeting, ensuring that appropriate time and attention is devoted to important matters and sufficient time is available for discussion and decision making;
 - (e) ensuring appropriate mechanisms are implemented to avoid conflicts of interest impacting decision making, which shall include facilitating the declaration of any conflicts by Directors at the beginning of each Board meeting;
 - (f) encouraging full participation of all Directors to ensure that the Board acts in DIB's best interests and benefits from the diverse views and expertise of the Directors;
 - (g) ensuring effective communication with shareholders and key Stakeholders and communication of their views to the Board to inform decision making;
 - (h) ensuring Board committees are clearly structured with appropriate terms of reference;

- (i) ensuring new Directors participate in an appropriate induction and appropriate training and development programs;
- (j) overseeing the annual board evaluation process, ensuring that outcomes are discussed and, where required, action is taken to improve the effectiveness of the Board, its committees and Directors;
- (k) ensuring that the Board discloses any actions that should be disclosed in accordance with applicable laws and regulations;
- (l) ensuring Directors are aware of, and comply with, the requirements relating to the trading of DIB's securities;
- (m) ensuring accurate minutes of Board meetings are kept;
- (n) ensuring any existing or potential breaches of the Directors' Code of Conduct brought to the Chair's attention are dealt with appropriately; and
- (o) safeguarding an effective, independent oversight of Sharia compliance.

6.9.1.6. The Chair shall not be appointed as a member of any Board committee.

6.9.2. The Vice Chair

- 6.9.2.1. The Board shall elect a Vice Chair from amongst its members by secret voting.
- 6.9.2.2. The Vice Chair shall replace the Chair in his absence or when the Chair is unable to carry out duties, including the chairing of Board meetings.
- 6.9.2.3. The Vice Chair may serve on one or more committees based on the Board's recommendation.
- 6.9.2.4. Ensuring any existing or potential breaches of the Directors' Code of Conduct brought to the Vice Chair's attention are dealt with appropriately.

6.9.3. Directors

- 6.9.3.1. Directors should, collectively and individually, at all times lead by example, act with integrity and in a timely manner and comply, in both letter and spirit, with the Directors' Code of Conduct, applicable laws, regulations, the Articles, policies and procedures.
- 6.9.3.2. Directors should exercise their Duty of Care to DIB, deciding and acting on an informed and prudent basis with respect to DIB.
- 6.9.3.3. Directors should exercise their Duty of Loyalty to DIB, acting at all times, in good faith in the best interest of DIB, with the view of long term value sustainability, and supporting public confidence in DIB.
- 6.9.3.4. Directors should exercise their Duty of Confidentiality, ensuring that information of a confidential nature entrusted to them is not misused or shared with any unauthorised party. Such information may be brought to

Directors' attention during, or at any time after, their appointment to the Board.

- 6.9.3.5. Directors should seek to avoid conflicts of interest that may impede their ability to act independently and objectively and immediately disclose any Conflict of Interest that may arise.
- 6.9.3.6. Directors should draw on knowledge and experience to critically review and constructively challenge assumptions and information provided by Senior Management and explore alternative courses of action where appropriate.
- 6.9.3.7. Directors should have due regard for the creation and protection of value, Stakeholder rights and interests and responsibly address conflicts that may arise in a contemplative and proactive manner.
- 6.9.3.8. Directors should promote the equitable treatment of shareholders, fair customer outcomes, the protection of legitimate Stakeholder rights and financial market integrity.
- 6.9.3.9. Directors should understand their oversight and corporate governance role and responsibilities, and strive for effective decision-making and good governance with due consideration of the Group's size, complexity and risk profile.
- 6.9.3.10. Directors should understand DIB's business and actively engage to ensure strategy and policies are implemented as designed.
- 6.9.3.11. Directors should foster collegiate boardroom relations, constructively participate in board discussions and activities, and attend meetings.
- 6.9.3.12. Directors should make every effort to attend each meeting of the Board or Board committee of which they are members, be familiar with the meeting agenda and be well prepared to constructively participate in the meeting.

6.9.4. **Committee Chair**

- 6.9.4.1. The Board shall appoint the Committee Chair.
- 6.9.4.2. In the absence of the Committee Chair, one of the Committee members nominated by the Committee Chair or elected by the Committee shall act as chair for that particular meeting.
- 6.9.4.3. The chairs of the BAC and the BRCGC shall be Independent Directors who are not the chair of any other Board committee.
- 6.9.4.4. The Committee Chair's role entails but is not limited to:
 - (a) fostering an open, inclusive and, where appropriate, challenging discussion;
 - (b) ensuring the committee has the information necessary to perform its tasks and devote attention to the matters within its remit;
 - (c) setting the agenda with the secretary of the committee, ensuring that appropriate time and attention is devoted matters within the responsibilities of the committee;

- (d) facilitating the running of the committee to ensure it prudently carries out its duties;
- (e) reporting to the Board on the committee's activities and tabling matters that require attention to the Board; and
- (f) ensuring appropriate and accurate minutes of committee meetings are maintained.

6.9.5. Committee Members

- 6.9.5.1. The role of the committee members is derived from their role as Directors as mentioned in clause 6.9.3.
- 6.9.5.2. A committee member should contribute to the effectiveness of the committee by actively participating in the activities of the committee and ensuring the committees' responsibilities are prudently discharged in accordance with the approved Terms of Reference.

6.9.6. Board Secretary

- 6.9.6.1. The Board shall appoint a Board Secretary, who is not a Director and who reports directly to the Board. The Board Secretary's competencies, remuneration and dismissal shall be subject to a resolution of the Board.
- 6.9.6.2. The duties and responsibilities of the Board Secretary shall include, but are not limited to:
 - (a) maintaining the Directors' register and related documents and coordinating disclosures on behalf of the Board;
 - (b) acting as the focal point for the Board, supporting the Board to discharge its duties and comply with relevant policies, procedures, laws and regulations;
 - (c) coordinating Board activities and meetings, circulating materials, preparing minutes, recording resolutions, arranging approvals required from the Board and ensuring that Directors receive appropriate material information and documents in a timely and secure manner;
 - (d) ensuring the Board is kept aware of relevant legislative, regulatory, and corporate governance developments, supporting the periodic review of corporate governance processes and the annual Board assessment;
 - (e) coordinating with Committee Secretaries, notifying management of the resolutions of the Board and keeping the Board informed of the implementation and application of resolutions; and
 - (f) coordinating the general meetings and between the regulators, Directors, and management.

6.9.7. Committee Secretary

- 6.9.7.1. The Committee Chair shall appoint the Committee Secretary.
- 6.9.7.2. The duties and responsibilities of the Committee Secretary shall include, but are not limited to:

- (a) assisting the Committee Chair with the organisation of committee meetings including preparation of meeting agendas and that the ensuring that the committee receives information and papers in a timely, secure manner to enable full and proper consideration;
- (b) supporting the committee in ensuring it operates in compliance with its terms of reference and any applicable laws, regulations, policies and procedures;
- (c) promptly drafting the minutes and circulating these for signature;
- (d) promptly communicating committee resolutions to relevant Stakeholders;
- (e) recording, following up and reporting to the committee on the implementation of resolutions and action items; and
- (f) effectively coordinating with the Board Secretary.

6.10. Conflicts of Interest

6.10.1. Directors' shall act in the best interests of DIB and should:

- (a) be capable of exercising sound, objective and independent judgement in respect of DIB's affairs; and
- (b) not allow outside activities or interests to impede their ability to do so.

6.10.2. Directors have a duty to transparently disclose to DIB, and wherever possible avoid, any personal or outside interest, relationship or responsibility (financial, professional or otherwise) which affects, may affect, or may be perceived to affect their ability to discharge their fiduciary duties. In particular, Directors must avoid competing directly or indirectly with DIB and should ensure that they are able to devote sufficient time to discharge their duties.

6.10.3. Upon appointment and on a quarterly basis thereafter, Directors shall disclose or confirm (as appropriate) any personal or outside interest, relationship or responsibility (financial, professional or otherwise) held by them that could, or could be reasonably perceived to, affect their ability to perform their fiduciary duties. Such disclosures shall be communicated to the Board and shall be recorded in the Board's register of interests maintained by the Board Secretary.

6.10.4. Where, in relation to a matter to be considered by the Board (or a committee), a Director's (or committee member's) objectivity may be compromised (for instance due to a personal interest or conflicting duty), the affected Director (or committee member) shall, at the beginning of the meeting at which the matter is to be tabled, declare their situation and actual, potential or perceived conflict. Such declaration shall be recorded in the minutes and in a register maintained by the Board Secretary (or Committee Secretary). The non-conflicted Directors (or committee members) shall decide whether the conflicted Director (or committee member):

- (a) may participate in any discussion on the issue that gave rise to the potential conflict; or
- (b) should withdraw from the meeting.

The conflicted Director (or member) shall not be counted in the quorum for the relevant resolution and shall not be permitted to vote.

- 6.10.5. As a financial institution, DIB enters into financing transactions in the ordinary course of business. Any financing facility that relates to a Director shall be concluded on arms-length terms in accordance with applicable policies, standard commercial terms and conditions and regulations.
- 6.10.6. Directors shall seek the Board's permission prior to accepting a nomination to serve on another Board or any other material commitments and shall confirm that no Conflict of Interest shall arise upon accepting such nomination.
- 6.10.7. Directors shall comply with the provisions of set out in the Board Code of Conduct and Terms of Reference in respect of conflicts of interest.

6.11. Operations and Processes

- 6.11.1. Non-Executive Directors will be issued a letter of appointment upon appointment. Committee appointments shall be confirmed in writing and supplement the Director's letter of appointment. Where an outside member is appointed to a Board committee a formal service agreement shall be entered into setting out the terms and conditions of such appointment.
- 6.11.2. The Board shall carry out an annual assessment of the Board, its committees and Directors in line with the criteria mentioned in relevant laws and regulations. An external third party shall be engaged to conduct an independent assessment at least once every five (5) years. The BNRC shall recommend the approach for the annual assessment to the Board for approval and shall oversee the assessment process, ensuring compliance with the requirements prescribed by the Central Bank.
- 6.11.3. The Board has adopted a code of conduct for Directors, which sets out principles of conduct to guide Directors in the performance of their responsibilities. Directors shall acknowledge their understanding of this code and commit to abide by its provisions upon appointment and on an annual basis thereafter as part of the annual declaration process.
- 6.11.4. The Board and its committees shall meet as often as deemed appropriate, subject to:
 - (a) the Board shall meet at least six (6) times a year, where each meeting shall be convened upon a written notice (which may be issued electronically) from:
 - (i) the Chair (or the Vice Chair where applicable); or
 - (ii) the Chair upon the request of two (2) or more Directors; or
 - (iii) the Board Secretary acting on the instructions of the aChair; and
 - (b) the Board committees shall meet at least four (4) times a year, where each meeting shall be convened upon a written notice (which may be issued electronically) from:
 - (i) the Committee Chair; or
 - (ii) the Committee Secretary acting on the instructions of the Committee Chair.

- 6.11.5. Meetings of the Board and its committees shall generally be convened at DIB's Head Office, but may take place at any other location within the UAE.
- 6.11.6. The agenda and meeting materials may be circulated using a board portal or other secure means. A Director (or committee member) has the right to add any matter that he or she may deem necessary for discussion in the meeting, subject to prior consultation with the Chair or the relevant Committee Chair.
- 6.11.7. Directors (and committee members) may participate in meetings by audio and/or audio-visual means, provided:
- (a) the affected Director (or committee member) provides reasonable notice to the Chair (or Committee Chair) and Board Secretary (or Committee Secretary);
 - (b) appropriate safeguards are implemented to preserve the confidentiality and accuracy of deliberations; and
 - (c) that all persons participating in the meeting are able to hear and speak clearly throughout the meeting.
- 6.11.8. Meetings of the Board (and committees) shall not be valid unless attended by the majority (unless the relevant Terms of Reference requires a more stringent quorum) of the Directors (or committee members) either physically or through audio and/or audio-visual means.
- 6.11.9. Resolutions of the Board (and committees) shall be adopted by the majority of the Directors (or committee members) present or validly represented in the meeting. The Board (and committees) may, under certain circumstances, take decisions based on resolutions by circulation, which shall be tabled in the first subsequent Board (or committee) meeting to be included in the minutes of such meeting. Circulated resolutions shall, unless required by applicable regulations, be deemed to be approved when approved by the majority of the Directors (or committee members).
- 6.11.10. Minutes of Board (and committee) meetings shall be circulated promptly to all Directors (or committee members) and signed by all attending members and the Board Secretary (or Committee Secretary). The signatories to the minutes shall be liable for the validity thereof. Where a Director (or a committee member) is not in agreement with the minutes or refuses to sign the minutes, the Director (or committee member) should record the objection in the minutes together with the reason therefore and a copy of the minutes shall be sent to all Directors (or committee members) for their records.
- 6.11.11. The Chair or the Board Secretary are each authorised individually to provide certified copies of extracts taken from the minutes of any Board meeting, by signing such extracts, identifying that it is a certified, true copy of the original and including the date that the certification was provided. Any parties dealing with DIB may rely on such certified copy as being a true and accurate copy of the original document.
- 6.11.12. Decisions taken, and resulting action points, from meetings shall be promptly communicated to the relevant Stakeholders by the Board Secretary (or Committee Secretary) along with deadlines and reporting expectations.
- 6.11.13. Access to appropriate independent professional advice shall, in accordance with the process established by the Board, be provided to Directors, at DIB's expense, in circumstances where required to enable Directors to perform their responsibilities effectively.

7. SHARIA GOVERNANCE

7.1. Overview

- 7.1.1. The Board is ultimately responsible for DIB's compliance with principles of Islamic Sharia.
- 7.1.2. The Board shall approve, and oversee the implementation of, a Sharia Governance Framework (the **SGF**) to ensure DIB's compliance with the principles of Islamic Sharia and applicable regulatory requirements and Sharia Standard. The SGF shall be commensurate with the size and complexity of DIB's operations and its risk appetite and aligns with regulatory requirements.
- 7.1.3. To support the Board in ensuring Sharia compliance, DIB shall have an independent Internal Sharia Supervision Committee (**ISSC**) comprised of scholars specialised in Islamic financial transactions. The ISSC shall be the highest authority in DIB from a Sharia governance perspective. The Board shall be responsible to ensure that the ISSC has adequate resources and appropriate access to information to enable it to perform effectively.
- 7.1.4. The ISSC, the Board and management shall be supported by the Internal Sharia Control Department (**ISCD**) and Internal Sharia Audit Department (**ISAD**). The ISCD and ISAD shall perform distinct tasks, and are separate from each other in terms of reporting and human resources in accordance with the three lines of defense approach. The ISCD shall closely coordinate with DIB's Compliance and Risk functions and the ISAD shall closely coordinate with DIB's Internal Audit function.
- 7.1.5. As the first line of defense in the SGF, the business shall be responsible to set clear policies, procedures, and controls, approved by ISSC, and execute the business activities in a manner compliant with the Sharia principles at all times.
- 7.1.6. The ISSC shall meet with the Board at least annually to discuss issues pertaining to Sharia compliance. In addition, the ISSC shall report to shareholders on an annual basis with respect to the conformity of DIB's business with the principles of Islamic Sharia. The Board shall ensure the annual Sharia report issued by the ISSC is approved by the HSA prior to submission to the shareholders as part of the material for the annual general meeting.

7.2. Internal Sharia Supervisory Committee

- 7.2.1. The ISSC shall be comprised of five (5) experienced scholars who are appointed by the shareholders on the basis of the nominations put forth by the Board and approved of the HSA. The term of the scholars shall be three (3) years, with their appointment reconfirmed by the shareholders on an annual basis.
- 7.2.2. The ISSC shall select from amongst its members a chair and vice chair.
- 7.2.3. The ISSC shall be responsible to:
 - (a) undertake Sharia supervision of, and approve, all businesses, activities, products, services, contracts, documents, investments and codes of conduct of DIB;
 - (b) issue Sharia fatwas and resolutions that are binding upon DIB. The members of the ISSC shall be accountable for the resolutions and fatwas they issue to

- DIB and their compliance with the resolutions and standards issued by the HSA;
- (c) monitor DIB's compliance with Sharia through the ISCD and ISAD;
 - (d) approve the annual Internal Sharia Audit Plan and review reports issued by the ISAD;
 - (e) in case a Sharia non-compliance issue is identified in DIB, review and approve:
 - (i) corrective measures, if the correction is feasible;
 - (ii) remediation required by the Sharia regarding the consequences arising from the Sharia non-compliance issue if the correction is not feasible; and
 - (iii) preventive measures to avoid reoccurrence of such issues;
 - (f) review and approve, from a Sharia perspective:
 - (i) the method for calculation and distribution of profits, allocation of expenditures and costs and their division between holders of investment accounts and shareholders to protect the rights of investment account holders;
 - (ii) the quarterly profit distribution calculations that are submitted to the ISSC after thorough review of the ISCD; and
 - (iii) the final annual accounts before presenting them to the Central Bank.
 - (g) issue an annual report stating the extent of DIB's compliance with Sharia that is published with the financial statements;
 - (h) issue resolutions to set aside revenue to be disposed towards charitable purposes; and
 - (i) specifying the amount of Zakat due on each of DIB's shares, if applicable.
- 7.2.4. Notwithstanding the provisions of clause 7.2.1, if a vacancy on the ISSC arises which does not result in a lack of quorum, the Board may appoint scholars to fill such vacancies following receipt of approval from the HSA for the nominee. Such appointments shall be subject to shareholder approval at the next general meeting and shall complete the term of their predecessor.
- 7.2.5. To strengthen the confidence of both shareholders and Stakeholders in DIB's compliance with the principles of Sharia, the ISSC shall not be subject to any form of undue influence when issuing resolutions and fatwas in accordance with Islamic Sharia. The Board shall consider the independence of the ISSC taking into account, amongst other things, whether the ISSC member:
- (a) has a First-Degree Relative who is a Director or a member of DIB's Senior Management;
 - (b) is an owner/shareholder of/in a company that provides consultancy or Sharia services to DIB;
 - (c) is an Employee at DIB or any of its Affiliates when serving as members of the ISSC;
 - (d) provides services to DIB outside the scope of ISSC's assigned functions;

- (e) receives any allowance from DIB or its Affiliates other than the allowance for being members of the ISSC, the allowance for attending ISSC meetings, and other matters related thereto;
 - (f) or if a First-Degree Relative or second-degree relative owns a share equal to/or more than 5%; or acts as an executive or a manager, in any commercial company to/from which DIB has paid/received payments of material size, or one of its subsidiaries during the current or previous fiscal year; and
 - (g) receives allowances that are conditional on achieving certain results, or linked with the results of the services provided by the ISSC.
- 7.2.6. In case of an inevitable Conflict of Interest, the affected ISSC member shall notify DIB in writing with the details thereof. ISSC members shall disclose any Conflict of Interest related to family members, business partners or the companies in which the ISSC member has an interest and shall refrain from participating in the related ISSC discussions or decision-making. The ISSC Secretariat shall maintain a register of the conflicts of interest declared by ISSC members.
- 7.2.7. DIB shall immediately notify the Central Bank if it becomes aware of any material information that may negatively affect the independence of any ISSC member.
- 7.2.8. If a financing is granted to a member of the ISSC by DIB, such financing shall be on arms' length terms.
- 7.2.9. The ISSC shall have a Terms of Reference that sets out organisational matters related to the functioning of the ISSC such as controls, meetings management, the decision-making process and other organisational matters. The Terms of Reference shall be approved by the ISSC and the Board.
- 7.2.10. ISSC members shall be issued an engagement letter upon appointment setting out the terms and conditions of their appointment, including the term of office, responsibilities and remuneration.
- 7.2.11. The remuneration of ISSC members shall be determined by the Board from time to time.
- 7.2.12. The ISSC shall meet at least four (4) times a year and the period between any two (2) meetings shall not exceed 120 days.
- 7.2.13. The quorum for ISSC meetings shall be constituted by presence of majority of its members and resolutions shall be passed based on majority vote.
- 7.2.14. The ISSC shall have the authority to invite Directors, Senior Management, Employees, experts, advisors, and other parties to its meeting as deemed appropriate to obtain clarification regarding data and information which the ISSC requires in relation to the issues under its review. For the avoidance of doubt, invitees shall not be entitled to vote on the ISSC's resolutions.
- 7.2.15. The ISSC Secretariat function within the ISCD shall record the minutes of ISSC meetings which shall be subject to the approval of the ISSC members who attended the relevant meeting.
- 7.2.16. The ISSC shall carry out an annual assessment of the ISSC as a whole and its members. The annual assessment shall be conducted in accordance with the regulations and standards set by the HSA. At the end of the year, the chair of the

ISSC shall provide the Board and the HSA with a report on the performance assessment.

- 7.2.17. Termination of appointment or resignation of an ISSC member shall not be considered effective until the termination or resignation request is approved by the HSA and then the shareholders. The request submitted to the HSA must clarify the reasons for termination or resignation of the ISSC member.

7.3. Internal Sharia Control

- 7.3.1. The ISCD shall be responsible to:
- (a) refer to the ISSC in all matters that it considers, and all tasks it carries out, unless there were relevant fatwas or resolutions issued for the matters previously;
 - (b) support the ISSC in complying with its mandate and regulatory requirements including but not limited to preparing for, organising and documenting the meetings of the ISSC and communicating and following up on the implementation of ISSC resolutions (through the ISSC Secretariat);
 - (c) provide consultation and advice based on the ISSC's fatwas and resolutions with regard to aspects related to DIB's business and Sharia matters;
 - (d) review Sharia related inquiries and issues, contracts, documents and other matters related to DIB's business and documentation, including but not limited to promotional materials and publications and customers' complaints related to the compliance with Sharia;
 - (e) conduct research for related Sharia and procedural issues requested by ISSC and contributing, with other relevant departments within DIB, to the development of products and formulation of policies, procedures and contracts;
 - (f) continuously monitor DIB's compliance with resolutions, fatwas, regulations and standards issued by the HSA;
 - (g) issuing a quarterly Sharia compliance report, which is to be reviewed by the ISSC and then submitted to the GCEO. In doing so, the ISCD shall coordinate with DIB's Compliance function; and
 - (h) conduct training for Employees related to compliance with Sharia.
- 7.3.2. The Head of the ISCD shall be appointed by, and report to, the Board. The Board shall consult the ISSC in relation to the appointment of the Head of ISCD. The eligibility, qualification and competence of the Head of the ISCD shall be as prescribed in the Sharia Standard as amended by HSA from time to time.
- 7.3.3. The Head of ISCD shall closely work with, and under the guidance of, the ISSC in relation to all matters related to Sharia compliance or matters related to the principles of Sharia as applicable to DIB's activities and operations.
- 7.3.4. The Sharia compliance unit within the ISCD shall have a dotted reporting line to the Group Chief Compliance Officer to submit reports regarding compliance with Islamic Sharia.

- 7.3.5. The Board shall ensure that the ISCD shall not be subject to any form of undue influence.
- 7.3.6. Information regarding Sharia compliance and related risks shall be embedded in the compliance and risk related reporting to the BRCGC. The Head of the ISCD may be invited to attend the meetings of the BRCGC to present and discuss Sharia compliance related activities undertaken by the ISCD.
- 7.3.7. The ISCD shall coordinate with Group entities in accordance with the Group governance framework, to ensure Sharia compliance.

7.4. Internal Sharia Audit

- 7.4.1. The ISAD shall be responsible to conduct Sharia audits based on an annual audit plan, approved by the ISSC and endorsed by the BAC, with a view to providing assurance in respect of DIB's compliance with Sharia.
- 7.4.2. In carrying out its duties the ISAD shall assess:
 - (a) whether DIB's activities and transactions comply with Sharia;
 - (b) the adequacy of internal procedures; and
 - (c) the adequacy of the Sharia governance framework.
- 7.4.3. The ISAD shall submit its audit reports to the ISSC for resolutions on Sharia matters and then to the BAC for follow-up and monitoring purposes.
- 7.4.4. In carrying out its duties the ISAD and the Internal Audit function shall coordinate and exchange their findings and reports.
- 7.4.5. The Head of the ISAD shall be appointed by the BAC (in consultation with the ISSC) and shall report to the BAC. The eligibility, qualification and competence of the Head of ISAD (and each internal Sharia auditor) shall be as prescribed in the Sharia Standard as amended by HSA from time to time.
- 7.4.6. The Board shall ensure that the ISAD shall not be subject to any form of undue influence.
- 7.4.7. The BAC shall hold at least two (2) meetings with the Head of ISAD and may invite a member(s) of the ISSC to attend such meetings to ensure compliance with the ISSC's resolutions in respect of Internal Sharia Audit reports presented.
- 7.4.8. The ISAD shall coordinate with Group entities in accordance with the Group governance framework, in respect of Sharia compliance.

7.5. External Sharia Audit

- 7.5.1. DIB may appoint a specialised external entity to conduct an external Sharia audit of its activities. The BAC shall oversee such engagement and the related outcomes. The report issued by such external entity shall also be submitted to the ISSC.

8. SENIOR MANAGEMENT

8.1. Overview

- 8.1.1. The Board shall be supported by Senior Management who shall be responsible for DIB's day-to-day activities and shall be accountable to the Board to ensure that the business is conducted prudently and in compliance with approved policies, relevant laws and regulations.
- 8.1.2. The Board shall be responsible to oversee Senior Management.
- 8.1.3. Senior Management shall be responsible to:
- (a) provide timely, comprehensive and accurate reporting and information to enable the Board to discharge its duties effectively;
 - (b) ensure that DIB's activities are in line with the business strategy, risk appetite, and policies approved by the Board;
 - (c) delegate duties and establish a structure that promotes accountability and transparency;
 - (d) provide oversight for the activities and resources under their supervision;
 - (e) ensure that Employees are appropriately qualified and, at all times, have the required knowledge and competencies to carry out their duties;
 - (f) inform the internal audit function of any material changes to DIB's activities or control environment in a timely manner;
 - (g) ensure that timely and appropriate actions are taken on internal and external audit findings and recommendations;
 - (h) oversee DIB's conduct within the financial market within which it operates;
 - (i) nurture a corporate culture which instils the principles of transparency, fairness, responsibility, accountability and the protection of the customers interests; and
 - (j) lead by example and model DIB's values both internally and externally.
- 8.1.4. Senior Management shall be led by the GCEO to whom the Board has delegated, other than matters reserved for the Board or its committees, the authority and power to implement the Board-approved strategy and manage the day-to-day running of DIB. The GCEO shall be responsible to:
- (a) set the tone for management and ensure that appropriate standards of governance and conduct permeate throughout DIB;
 - (b) develop DIB's strategy for consideration and approval by the Board;
 - (c) develop and recommend to the Board yearly business plans and budgets that support DIB's strategy;
 - (d) lead DIB's management and Employees in executing the strategy, plans and budget approved by the Board;
 - (e) monitor and report to the Board in respect of DIB's performance;

- (f) organise DIB's activities and resources to enable execution of DIB's strategic plan, compliance with applicable regulations and supervise human resources development;
 - (g) submit proposals and recommendations to the Board; and
 - (h) develop and maintain relations with regulators and key Stakeholders.
- 8.1.5. The GCEO shall have the authority to sub-delegate their authority and power to such members of the management team or management committees as the GCEO shall determine from time to time. The GCEO shall have ultimate accountability for the exercise of any sub-delegated power and authority.
- 8.1.6. The GCEO shall be responsible to report any matter of significance affecting DIB to the Board, including matters which exceed management authority.
- 8.1.7. Although independent, the Group Chief Risk Officer, Group Chief of Internal Audit, Heads of ISCD and ISAD shall coordinate with the GCEO and Senior Management and report to the Board, a Board committee or the ISSC (as relevant).
- 8.1.8. Members of Senior Management shall not hold a staff position in any other entity unless permitted by the Central Bank.
- 8.1.9. Members of Senior Management shall be permitted to accept nominations to serve on the board of an entity other than DIB provided that:
- (a) where the nomination relates to an entity outside the Group, such entity is not a bank and acceptance thereof shall not result in the Senior Management member holding more than two (2) memberships outside the Group;
 - (b) in the case of the Group Chief Risk Officer, Group Chief of Internal Audit and Group Chief Compliance Officer the membership does not relate to an entity within the Group;
 - (c) acceptance of the nomination does not give rise to a Conflict of Interest; and
 - (d) prior approval of the BNRC is obtained.
- 8.1.10. The Board shall establish a fit and proper process for the selection of Senior Management which shall ensure candidates:
- (a) possess the necessary knowledge, skills and experience;
 - (b) have a record of integrity and good repute;
 - (c) have sufficient time to fully discharge their responsibilities;
 - (d) provide for collective suitability and added value to DIB;
 - (e) do not have any conflict of financial and non-financial interests; and
 - (f) have a record of financial soundness.
- 8.1.11. The no objection of the Central Bank shall be obtained prior to the appointment or renewal of employment of any member of Senior Management.
- 8.1.12. As part of the annual acknowledgement of the Employee Code of Conduct, each member of Senior Management shall confirm annually that he or she has sufficient time available to manage the time commitments required for their role in DIB.

8.1.13. The Central Bank shall be notified of any material information which may affect the fitness or probity of a member of Senior Management upon DIB becoming aware of such information.

8.2. Management Committees

8.2.1. Management committees shall be established taking into account DIB's business needs and regulatory requirements. DIB shall have standing committees which shall include, but are not limited to:

- (a) Asset and Liability Committee;
- (b) Investment Committee;
- (c) Management Credit Committee;
- (d) Risk Management Committee.
- (e) Compliance Committee; and
- (f) Information Technology Committee.

8.2.2. Each committee shall be governed by a Terms of Reference setting out its membership, responsibilities, authorities and operational aspects.

8.2.3. The establishment, operation and dissolution of committees shall be in accordance with the governance guidelines issued by the CGU.

8.2.4. Each committee shall review its own performance through a self-assessment at least once a year in accordance with the guidelines issued by the CGU.

9. CULTURE AND CONDUCT

9.1. Overview

- 9.1.1. DIB is committed to conducting its activities ethically and with integrity. DIB recognises these values as key elements of the foundation on which DIB's reputation is built.
- 9.1.2. The Board shall have the ultimate responsibility for establishing and communicating corporate culture and values within DIB and is supported by Senior Management in its efforts.
- 9.1.3. The Board expects the highest standards of conduct from DIB Employees and leads by example setting the tone to maintain the trust of DIB's Stakeholders.
- 9.1.4. DIB's culture and conduct shall be shaped by its corporate values, codes of conduct and the policies set by the Board and implemented by Senior Management. These codes and policies, which include those set out in this section, constitute a holistic approach to strengthening a supportive and constructive corporate culture of transparency and good conduct in DIB and shall be subject to periodic review and enhancements.

9.2. Directors' Code of Conduct

- 9.2.1. DIB shall have a Board-approved code that sets out principles of ethics and conduct to guide Directors in the performance of their responsibilities related to DIB's business and activities.
- 9.2.2. It shall be the individual responsibility of each Director to comply with the letter and spirit of the Directors' Code of Conduct.
- 9.2.3. Directors shall acknowledge and agree to be bound by the Directors' Code of Conduct pursuant to their letter of appointment and on an annual basis thereafter.

9.3. Employee Code of Conduct

- 9.3.1. DIB shall have a well-communicated, understandable and comprehensive code of conduct that articulates DIB's expectations in respect of behaviour and ethical standards.
- 9.3.2. The Employee Code of Conduct shall be aligned with DIB's values and risk practices and shall provide supporting guidance.
- 9.3.3. Employees shall acknowledge and agree to be bound by the Employee Code of Conduct on an annual basis.
- 9.3.4. Employees shall be encouraged to proactively report, in good faith, any suspected breach of the Employee Code of Conduct. Suspected breaches shall be investigated promptly and objectively and the implementation of appropriate corrective and/or disciplinary actions shall be overseen by Human Resources Department.

9.4. Conflict of Interest Policy

- 9.4.1. DIB shall have a Conflicts of Interest Policy to assist the Board and Employees in identifying, preventing (when possible) or managing conflicts of interest that could interfere, or be perceived to interfere with DIB's or its Stakeholders' best interests.

9.5. Anti-Bribery and Anti-Corruption Policy

- 9.5.1. DIB shall have an Anti-Bribery and Corruption Policy outlining DIB's commitment to prohibit bribery and corruption, to comply with applicable anti-corruption laws and to define the principles for identifying and preventing potential bribery and corruption.

9.6. Personal Trading Policy and Confidential Information

- 9.6.1. DIB shall have a policy for insiders who engage in the trading of DIB's securities and the securities of DIB's listed Group entities in order to comply with relevant laws and regulations.
- 9.6.2. Directors and Employees shall acknowledge their access to, and responsibility in respect of, internal and confidential information relating to DIB, its customers and partners, including but not limited to not, without prior authorization, sharing such information or providing advice on the basis of such information.

9.7. Related Party Transaction Policy

- 9.7.1. DIB shall have a policy to ensure that related party transactions are at all times consistent with DIB's best interests through conduct that is transparent and free of conflict.
- 9.7.2. The Related Party Transactions Policy shall set guidelines for identification, disclosure, approval and monitoring of related party transactions.

9.8. Whistleblowing Policy

- 9.8.1. DIB shall have a Whistleblowing Policy to promote an internal climate in which Employees can raise genuine concerns without fear of suffering detriment with an aim to alert management to problems so that these can be addressed and to deter people from engaging in criminal or unethical conduct.
- 9.8.2. Reports under the Whistleblowing Policy shall be subject to independent, fair and timely investigation.

9.9. Risk Management Framework

- 9.9.1. All Employees shall consistently, within their specific roles and responsibilities, promote, through behaviours, actions and words, a conduct and risk culture that expects integrity and a sound approach to risk management.
- 9.9.2. DIB shall have a robust risk management framework, including an articulated risk appetite statement, which shall be aligned with DIB's strategy and regulatory expectations.

- 9.9.3. DIB shall have a policy that sets out its approach monitoring and mitigating conduct risk to contribute to the protection of DIB's integrity and reputation.

9.10. External Auditor Policy

- 9.10.1. DIB shall have a policy, which sets out the scope of all permissible and non-permissible services to be performed by the external auditors along with detailing the appointment, hiring, rotation and responsibility of external auditors.

9.11. Remuneration Policy

- 9.11.1. DIB shall have a Remuneration Policy guided by its commitment to its core values and the following objectives:
- (a) to achieve high performance through engaged Employees who demonstrate DIB's core values and deliver superior shareholder value;
 - (b) to align remuneration practices with DIB's risk appetite;
 - (c) to promote responsible business and market conduct and the fair treatment of customers;
 - (d) to avoid conflicts of interest; and
 - (e) to comply with the Central Bank regulations.
- 9.11.2. The fundamental guiding principles set out in 9.11.1 shall shape the design and delivery decisions in all areas of reward with the aim to motivate and reinforce a performance oriented culture.

9.12. Succession Planning Policy

- 9.12.1. DIB shall have a Succession Planning Policy outlining the critical positions to focus efforts, manage talent risk and ensure that capability is continuously available to achieve DIB's strategic goals.
- 9.12.2. The Succession Planning Policy shall define internal vacancies and interim positions, the framework of succession planning, the criterion for the identification of candidates, the key elements of the development plan of candidates and the regular revisions with key Stakeholders.

9.13. Outsourcing Policy

- 9.13.1. DIB shall have an Outsourcing Policy to guide the approach to managing the risks inherent in outsourcing arrangements, ensuring compliance with applicable regulatory requirements.

10. CONTROL ENVIRONMENT

10.1. Overview

- 10.1.1. The Board recognises the importance of an internal control system to ensure DIB is able to meet the expectations of its Stakeholders and achieve its performance and compliance objectives. DIB's control objectives are interrelated and geared towards achieving a sound control environment.
- 10.1.2. DIB is committed to continuous improvement in its control activities and to compliance with applicable statutory and regulatory requirements, which shall be embedded in DIB's internal control system.
- 10.1.3. DIB's internal control system comprises of the three lines of defense model:
- (a) The first line of defense consists of business units from which DIB's risk exposure arises. This line of defense is responsible and accountable for identifying, assessing, and controlling the risk associated with their business.
 - (b) The second line of defense includes support functions and independent Control Functions (excluding those relating to audit), which maintain a close relationship with the business units to ensure that risks have been appropriately identified and managed in line with DIB's approved risk appetite and risk limits. The second line of defense works closely with the first line of defense to help define strategy, implement policies and procedures and collect information to create an enterprise-wide view of risks.
 - (c) The third line of defense is comprised of independent assurance functions. DIB's Internal Audit function independently assesses the effectiveness of the processes created in the first and second lines of defense in accordance with its Internal Audit Charter. DIB's ISAD independently conducts Sharia audits with a view to ensuring that DIB's activities and transactions are Sharia compliant.
- 10.1.4. DIB shall have adequately resourced Control Functions, taking into consideration the nature, scale and complexity of the activities undertaken by DIB and its Group entities.
- 10.1.5. The Board shall ensure that the Control Functions have the required independence and appropriate access to information to effectively carry out their responsibilities. Employees within the Control Functions shall safeguard the confidentiality of information to which they have access.

10.2. The Risk Management Function

- 10.2.1. The primary goal of risk management is to ensure DIB operates within set risk appetite to protect Stakeholder's interests, and notify the BRCGC of any breach of DIB's approved risk appetite.
- 10.2.2. The Risk Management function, led by the Group Chief Risk Officer, shall be responsible to:
- (a) Implement DIB's overall risk management approach on a Group-wide basis and risk strategies and policies as approved by the Board;
 - (b) Monitor DIB's risk profile;

- (c) Support the first line of defense through providing risk related guidance, training and awareness;
 - (d) Implement and maintain mechanisms that sustain a risk aware culture throughout DIB; and
 - (e) Provide the Board and Senior Management with a Group-wide view of all material risks.
- 10.2.3. The Group Chief Risk Officer, shall report directly to the BRCGC, while maintaining close coordination with DIB's Senior Management and business functions.
- 10.2.4. The BRCGC shall approve the appointment, removal and annual objectives of the Group Chief Risk Officer and evaluate the Group Chief Risk Officer's performance on an annual basis. DIB shall promptly notify the Central Bank in the event of the resignation of the Group Chief Risk Officer and obtain the no objection of the Central Bank before issuing a decision to dismiss the Group Chief Risk Officer.
- 10.2.5. The Board, supported by the BRCGC, the management Risk Management Committee and Risk Management function, shall ultimately be responsible for ensuring that a comprehensive, appropriate and effective Risk Management Framework is implemented.
- 10.2.6. The Board shall approve the Risk Management Framework which governs DIB's:
- (a) Risk appetite statement and tolerance limit;
 - (b) Policies and procedures to identify, mitigate, and manage material risks;
 - (c) Roles and responsibilities in relation to risk management within DIB; and
 - (d) Contingency planning and stress testing.
- 10.2.7. The Risk Management function shall coordinate with Group entities in accordance with the Group governance framework, to ensure that material risks are effectively managed across the Group.

10.3. The Compliance Function

- 10.3.1. DIB's Compliance function, led by the Group Chief Compliance Officer, shall be responsible to:
- (a) in coordination with relevant Stakeholders, monitor and report on observance of all applicable laws, regulations, and standards;
 - (b) coordinate with the ISCD in respect of the outcomes of the Sharia compliance monitoring activities undertaken by ISCD;
 - (c) maintain and enforce DIB's policies that pertain to, amongst others, anti-money laundering, combating terrorist financing and detection and reporting of any suspicious transactions; and
 - (d) implement and maintain mechanisms that sustain a culture of compliance throughout DIB.
- 10.3.2. As a member of Senior Management, the Board through the BNRC shall approve the appointment of the Group Chief Compliance Officer, who shall report directly to the GCEO and have direct access to the Board through the BRCGC. DIB shall promptly notify the Central Bank in the event of the resignation of the Group Chief Compliance

Officer and obtain the no objection of the Central Bank before issuing a decision to dismiss the Group Chief Compliance Officer.

- 10.3.3. The Board shall approve a comprehensive Compliance Policy, which aids in establishing the authority, responsibility and independence of the Compliance function.
- 10.3.4. The Compliance function shall coordinate with Group entities in accordance with the Group governance framework, to enable the function to monitor and report on compliance matters across the Group.
- 10.3.5. The Compliance function shall be subject to an annual performance review by the BRCGC and an independent external quality assurance review at least once every five (5) years.

10.4. The Internal Sharia Control Function

- 10.4.1. DIB's Internal Sharia Control function, led by the Head of the ISCD, shall form an integral part of DIB's internal control system (as part of the second line of defense) and the SGF (please refer to section 7.3).

10.5. The Internal Audit Function

- 10.5.1. DIB's Internal Audit function shall assist DIB in accomplishing its objectives through a systematic and disciplined risk based approach in periodically and systematically evaluating, and reporting on, the effectiveness of DIB's risk management, internal controls and governance processes.
- 10.5.2. The Internal Audit function, led by the Group Chief of Internal Audit, shall be an independent function that reports directly to the BAC, while maintaining close coordination with DIB's Senior Management and business functions. DIB shall promptly notify the Central Bank in the event of the resignation of the Group Chief of Internal Audit and obtain the no objection of the Central Bank before issuing a decision to dismiss the Group Chief of Internal Audit.
- 10.5.3. The BAC shall approve the appointment, removal and annual objectives of the Group Chief of Internal Audit and evaluates the Group Chief of Internal Audit's performance on an annual basis.
- 10.5.4. The Internal Audit function's roles and responsibilities shall be defined in an Internal Audit Charter approved by the BAC. The Internal Audit charter shall be reviewed at least once every three (3) years and shall be available on DIB's website.
- 10.5.5. The annual plan of the Internal Audit function shall be the responsibility of the Group Chief of Internal Audit and shall be subject to the guidance and approval of the BAC.
- 10.5.6. Staff members of the Internal Audit function shall be organisationally independent of all other functions in DIB. To maintain this independence in the discharge of their responsibilities, these Employees shall not be assigned, or expected to engage in, activities related to day-to-day management, operational or other Control Functions of DIB.
- 10.5.7. All activities of DIB fall within the scope of the Internal Audit function in line with the directives of the BAC. This scope shall also extend to suitable audit coverage of

Group entities, outsourced functions, as per approved and signed outsourced agreements, wherever applicable.

- 10.5.8. The Internal Audit function shall coordinate with Group entities in accordance with the Group governance framework, to enable the function to provide assurance to the BAC on the quality and effectiveness of internal controls implemented within the Group.
- 10.5.9. The Internal Audit function shall be subject to an annual performance review by the BAC and an independent external quality assurance review at least once every five (5) years.
- 10.5.10. All Employees within the Internal Audit function shall avoid conflicts of interest and shall not engage in auditing activities for which they previously had responsibility before a cooling off period of at least one full financial year has elapsed.
- 10.5.11. The Internal Audit function shall comply with the Institute of Internal Auditor's international standards for professional practice of internal audit (including the IIA's code of ethics).

10.6. The Internal Sharia Audit Function

- 10.6.1. The Internal Sharia Audit function, headed by the Head of ISAD, shall form an integral part of DIB's internal control system (as part of the third line of defense) and its Sharia Governance Framework (please refer to section 7.4).

11. FINANCIAL REPORTING AND THE EXTERNAL AUDITORS

11.1. Financial Reporting

- 11.1.1. The Board shall oversee the financial reporting process and review submissions by the external auditors and management, relating to the integrity of the interim (quarterly) and annual financial statements and reports. The BAC shall manage these tasks and provide their recommendations to the Board accordingly.
- 11.1.2. DIB shall maintain appropriate records and prepare financial statements in accordance with the International Financial Reporting Standards (IFRS) and the instructions of the Central Bank.
- 11.1.3. DIB shall publish quarterly financial statements bearing the review conclusion of the external auditors and annual financial statements bearing the opinion of the external auditors in accordance with applicable regulatory requirements.

11.2. External Auditors

- 11.2.1. The BAC shall establish the policy for the selection, rotation and removal of the external auditors and the engagement of the external auditors for non-audit services. Such policy shall comply with applicable regulations issued by the Central Bank.
- 11.2.2. In accordance with the policy relating to external auditors, the BAC shall consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment, audit fees and removal of the external auditors. DIB shall carry out this procedure at least once every six (6) years, in addition to rotating the external audit partner in charge of the audit every three (3) years. A cooling off period of three (3) years shall be observed before the same firm may be re-elected.
- 11.2.3. The BAC shall oversee the relationship with the external auditors and approve the external auditors' terms of engagement and their audit approach. In doing so the BAC shall take into account scope, level of materiality, areas of focus and how the external auditors propose to address the areas of significant risks.
- 11.2.4. The BAC shall review the external auditors' audit plan, suggest amendments from time to time as required, and understand any changes to the audit plan.
- 11.2.5. The BAC shall annually assess the qualifications, performance, expertise and resources of the external auditors and the effectiveness of their audit process, in doing so the BAC shall consider (amongst other things):
 - (a) reports from the external auditors regarding their internal quality control procedures and any significant matters of concern arising from these procedures; and
 - (b) feedback from Senior Management on the conduct of the external audit.
- 11.2.6. The BAC shall review any representation letters provided to the external auditors considering whether, based on the BAC's knowledge, the information provided is complete and appropriate.
- 11.2.7. The BAC shall meet with the external auditors at least once a year, without the presence of management, to discuss any issues arising from their audit including any

restrictions or impediments on the scope, access to records, and disagreements with management, and any significant audit qualifications or reservations relating to the financial statements.

- 11.2.8. The BAC shall discuss with the external auditors, any matters arising from the audit that may have an impact on regulatory capital or regulatory disclosures.
- 11.2.9. The BAC shall review, approve and monitor the provision of non-audit services by the external auditors, ensuring compliance with applicable regulations and that any such services do not impair the external auditors' independence and objectivity and that associated disclosures are appropriate.
- 11.2.10. The external auditors shall independently and objectivity carry out their duties and conduct audits in accordance with the International Standards on Auditing.
- 11.2.11. The functions of the external auditors shall include preparation of a report on the balance sheet and the profit and loss accounts, which shall include whether these accounts are true and fair.
- 11.2.12. The external auditors shall attend DIB's general meetings and, in the annual general meeting, read the external audit report to the shareholders citing any obstacles encountered. The external auditors' report shall be characterised by independence and neutrality.

12. GROUP GOVERNANCE OVERSIGHT

12.1. Fundamental Principles

12.1.1. The following fundamental principles underpin DIB's approach to Group governance:

- (a) the Board shall be responsible for oversight of the Group entities, promoting an ethical corporate culture and setting the right tone at the top;
- (b) the independent legal and governance responsibilities that apply to individual entities in the Group shall be respected;
- (c) appropriate authority and autonomy shall be provided to Group entities to function effectively and in compliance with applicable laws and regulations;
- (d) when Group entities interpret this Code references to job titles, departmental structures, or any other specific term may be adjusted to reflect the equivalent arrangements within the respective entity;
- (e) DIB's Board and Senior Management shall understand the Group organisational structures, both from a legal entity and business line perspective, and the risks these pose;
- (f) intragroup transactions shall be on an arm's length basis and shall be monitored to mitigate associated risks, including but not limited to potential conflicts of interest;
- (g) there shall be adequate and timely reporting from Group entities to DIB to support effective Group-wide risk management, compliance monitoring and independent audit assurance; and
- (h) the establishment and oversight of legal entities shall be controlled, ensuring amongst others, that entities fulfil a valid business need and operate in compliance with all applicable regulations and requirements.

12.2. Approach

12.2.1. DIB shall implement a Group governance framework, approved by the Board, which shall take into account the following:

- (a) corporate values and principles established by DIB;
- (b) nature, scale and complexity of the activities of DIB's Group entities;
- (c) DIB's risk appetite; and
- (d) laws, regulations and guidelines issued by all applicable regulatory authorities for jurisdictions that apply to the Group entities.

12.2.2. DIB shall adopt a tiered classification approach in respect of its governance of its Group entities, which takes into account the nature of the business, DIB's shareholding and level of control, regulatory landscape of the entity, material risk exposure of the entity and the reputation risks involved.

- (a) Entities classified as Tier 1 shall be expected to adopt the principles of this Code and the Group governance framework unless regulatory requirements, size or a specific business need of the particular entity precludes such entity

from adopting such principles. In case of a deviation, the respective entity shall refer the matter to the CGU for reporting to the BRCGC.

- (b) Entities classified as Tier 2 shall be encouraged to align their corporate governance practices with the principles set out in this Code where relevant and appropriate, based on the needs of the entity's business model, the entity's products and services and applicable local regulatory requirements.
- (c) Entities classified as Tier 3 shall be subject to governance arrangements based on the nature, scale and complexity of the entities activities and the level of control that DIB has over these entities.

- 12.2.3. The BRCGC shall monitor the adherence of Group entities to DIB's Group governance framework and approve any deviations or escalate these to the Board where considered appropriate.
- 12.2.4. DIB shall have Board approved policies and clear strategies for establishing new structures and legal entities, which ensure a form of consistency with the policies and interests of the Group.
- 12.2.5. DIB shall implement an effective system to facilitate the exchange of information between DIB and Group entities, to manage the risks of the individual entities as well as the Group as a whole, and ensure effective control of the Group.
- 12.2.6. DIB shall have sufficient resources to monitor the compliance of all entities with all applicable legal, regulatory, and governance requirements.

13. CORPORATE GOVERNANCE EVALUATION SYSTEM AND OVERSIGHT

13.1. Monitoring and Assessment

13.1.1. DIB's CGU shall implement a Corporate Governance evaluation system, which shall provide the necessary framework of assurance and oversight by undertaking a comprehensive and robust monitoring and assessment process regarding DIB's adherence to this Code.

13.2. Corporate Governance Unit

13.2.1. The CGU shall perform the following duties:

- (a) monitor and assess corporate governance developments;
- (b) perform regular review of compliance with this Code;
- (c) coordinate with Stakeholders and provide the BRCGC with status updates on the corporate governance of DIB and its Group entities on a periodic basis;
- (d) issue clarifications and interpretations in relation to this Code and related documents when required;
- (e) support the induction of new Directors in respect of corporate governance matters;
- (f) ensure regular review, at least annually, of this Code to reflect current regulatory requirements and consider leading practices; and
- (g) raise internal awareness in relation to corporate governance matters.

13.3. Consequences of Non-Compliance with the Code

13.3.1. All Directors and Senior Management are required to strictly observe the provisions of this Code, ensure these are implemented and that any violations of this Code are promptly reported to the CGU (in respect of Directors, such reports shall be made by the Board Secretary).

13.3.2. The CGU shall be responsible for reviewing reported violations of this Code and reporting these to the appropriate Stakeholders for action.

14. CODE ADMINISTRATION

- 14.1.1. Upon receipt of the approval of the Board this Code shall be published on DIB's website.
- 14.1.2. Supported by the CGU, the BRCGC shall review this Code at least annually and recommend changes, if required or as deemed appropriate, to the Board for approval.

15. VERSION CONTROL

Version	Approved By	Date	Changes to previous version
Ver. 1.0	Board	30 December 2010	Initial version
Ver. 2.0	Board	10 June 2021	Amended to reflect the Corporate Governance Regulations, the Sharia Standard and amendments in statutory requirements