

## Board of Directors Charter



### Board of Directors Charter

Asia Iraq Islamic Bank for Investment and Finance

**Roles, responsibilities, charter, and policy updated based on the 2024  
Environmental, Social, and Corporate Governance (ESG) Standards Guide.**

# Board of Directors Charter

## Introduction

The bank is subject to the Companies Law No. (21) of 1997 (as amended), as a joint stock company, and to the Banking Law No. (94) of 2004, as well as to the Central Bank of Iraq's instructions on implementing the Environmental, Social, and Governance (ESG) Standards Guide in banks. According to these laws, the bank must have a Board of Directors responsible for supervising and overseeing administrative, financial, planning, organizational, and technical matters necessary for the bank's operations, except for those matters reserved to the General Assembly of shareholders.

The Board is also responsible for supervising operations and formulating the bank's policies. Specifically, board members establish risk management standards, investment policies, prudential minimum ratios, accounting standards, and internal control systems. The Board must ensure the establishment, training, and retention of a qualified team in the field of corporate governance and ESG development.

## 2. Objective

This policy aims to set clear standards for selecting candidates for the original and alternate members of the Board of Directors, to be elected at the General Assembly's annual meeting. This meeting also elects the General Manager and determines the governance-related committees. As per the ESG Standards Guide, the selection must ensure fitness and propriety, which includes meeting minimum qualifications and regulatory requirements.

## 3. Definitions

Unless the context indicates otherwise, the following terms shall have the meanings assigned to them below:

- **Corporate Governance of Banks:**

A comprehensive set of systems that defines the relationships between the Board of Directors, the executive management of the bank, shareholders, and other stakeholders. Governance outlines how the bank is directed and controlled by the Board, and impacts:

- Determining the bank's strategy, including its ESG strategy.
- Managing the bank's risks, including environmental and social risks.
- Bank operations.

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- Balancing shareholders' rights with depositors' interests, while considering the interests of other stakeholders.
  - Ensuring compliance with all applicable laws, rules, and regulations.
  - Disclosure practices to ensure full and transparent reporting of material financial and non-financial matters.
- **Fitness and Propriety:**  
Meeting the minimum standards required for members of the Board, senior executive management, and the Sharia Supervisory Board.
- **Board:**  
The Board of Directors of Asia Iraq Islamic Bank for Investment and Finance.
- **Board Member:**  
A member of the Board of Directors, whether in a personal capacity or as a representative of a legal entity.
- **Executive Board Member:**  
A member of the Board who is also part of the bank's executive management, involved in daily operations and receiving a monthly salary.
- **Non-Executive Board Member:**  
A Board member who is not part of the bank's executive management. They may have ties to the bank (e.g., as a shareholder, customer, advisor, or service provider), but do not participate in daily management or receive a monthly salary. They are not considered independent.
- **Independent Member:**  
A non-executive board member with no employment or other affiliation with the bank, free of any conflicts of interest, and able to make decisions independently of management or undue influence.
- **Senior Executive Management:**  
Includes high-level employees such as:  
General Manager, Deputy/Assistant General Manager, Chief Financial Officer, Chief Operating Officer, Head of Risk Management, Head of Internal Audit, Head of Treasury, Head of Investment, Compliance Officer, Credit Manager, Heads of Domestic and International Banking Operations, Head of AML/CFT, HR Director, Administrative Director, Public Awareness & Customer Protection Manager, and Branch Managers. Also includes any employee with equivalent executive authority who reports directly to the General Manager.

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- **Cumulative Voting:**

A voting system used in general assemblies for electing board members, whereby each shareholder's votes equal the number of shares they own. A shareholder may cast all their votes for one nominee or distribute them among multiple nominees. This system aims to improve minority shareholder representation and reduce dominance by any single shareholder.

- **Related Parties:**

Include:

- Institutions affiliated with the bank and their directors and senior officers.
- Major shareholders (2% or more), their close relatives, subsidiaries, and any other entities under their direct or indirect control.
- The Chairman and Board members, their relatives, subsidiaries, or controlled entities.
- The General Manager and senior officers, their relatives, subsidiaries, or controlled entities.

- **Related Person:**

- As defined in Article 1 of the Banking Law No. (94) of 2004 and IAS 24.
- Any former director, executive, or advisor who served at the bank within the past two years.
- The external auditor during their term and for two years following contract termination.
- Any natural or legal person engaged contractually with the bank.

- **Connected Group:**

A group of individuals or companies linked by family relationships or significant economic interests.

- **Stakeholders:**

All groups or individuals with an interest in the bank's activities, products, services, and profitability, who can influence or be influenced by the bank. Includes shareholders, investors, employees, regulators, government agencies, customers, depositors, borrowers, suppliers, and the broader community.

- **Significant Interest / Qualified Holding:**

A natural or legal person or a connected group intending to hold more than 10% of

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the bank's subscribed capital must notify the Central Bank of Iraq at least ten (10) days in advance and obtain approval before proceeding.

- **Major Shareholder:**  
A person directly or indirectly owning 2% or more of the bank's capital. Connected groups with 5% or more are also considered major shareholders.
- **Control:**  
Exists when a person:
  - Owns or controls (directly or indirectly, individually or jointly) 25% or more of voting rights in a company.
  - Has the power to appoint the majority of directors or exercises significant influence.
- **Strategy:**  
The long-term direction of the bank, including decisions on products, acquisitions, market expansion, capital, and human resources. It reflects resource allocation priorities and the bank's commitment to achieving its goals.
- **Business Plans:**  
Detailed action plans across all units and levels of the institution, including objectives and timelines to achieve strategic goals.
- **Risk Management:**  
A structured process to identify, assess, and manage risks according to their likelihood and impact. It includes setting acceptable risk levels and assigning responsibility for mitigation and monitoring.
- **Conflict of Interest:**  
A situation where personal interest may compromise an individual's objectivity or independence. Examples include misuse of assets, related-party transactions, financial reporting issues, board or executive nominations, or determining compensation.
- **General Assembly:**  
The assembly of shareholders of Asia Iraq Islamic Bank for Investment and Finance.
- **Manager:**  
Any person with delegated authority over a team or operational unit within the bank.
- **Bank Capital:**  
The bank's paid-in capital and reserves.

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### 4. Board Composition – Number of Members, Election, and Term of Membership

- The Bank's Board of Directors is the ultimate decision-maker and is responsible for the proper and prudent supervision of the Bank's management and its subsidiaries. The Board must be characterized by professionalism and competence, possessing the necessary skills, knowledge, and experience to fulfill its responsibilities. Each Board member should be capable of applying strategic thinking to any issue and constructively challenging others' viewpoints. Board members should have expertise in areas such as Information Technology, Environmental, Social, and Governance (ESG) standards.
- Board members are elected by the General Assembly for a term of four years, subject to the approval of the Central Bank of Iraq. Re-election for one additional term is allowed as a maximum.
- The Board consists of non-executive members, including a majority of independent directors, except for one Board member who is the Executive Director (Managing Director).
- There must be no fewer than seven Board members at all times. At least one-third, or four members, must be independent non-executive directors. At least one independent member should represent minority shareholders. The Board must include at least one woman, at least one member with expertise in environmental, social, governance, sustainability, and climate change matters, and at least one member with sufficient skills in Information and Communications Technology (ICT).
- At least one-third of the Board members must be habitual residents of Iraq.
- All Board members and their roles must be disclosed in the Bank's annual report and published on the Bank's website, with independent members clearly identified.
- The Board must state in the annual report its responsibility and accountability for compliance with all laws, regulations, controls, and requirements outlined in the governance manual.
- The Board shall annually review its composition to ensure it is up-to-date and supports succession planning. This review should cover the length of membership, and expertise in finance, accounting, lending, banking operations, payment systems, and strategic planning.
- A skills matrix for the Board or current Board members shall be prepared and published in the annual report.

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- The Board elects from among its members a Chairman and a Vice-Chairman. The Chairman must be an independent Board member and must not be the Executive Director of the Bank.
- The Vice-Chairman assumes the Chairman's duties in their absence or inability to preside over Board meetings.
- The Chairman is responsible for leading the Board according to the highest standards of governance.

### 5. Membership Conditions

To ensure the Board performs its role effectively, members must be nominated based on qualifications and conditions that serve the Bank's interests and related parties, and comply with the provisions of the Banking Law No. 94 of 2004, the Companies Law, and other applicable legislation. Board Chairpersons and members must meet the following qualifications and experience:

- Members must fulfill the legal requirements set forth in the applicable banking law or any relevant governance requirements.
- The Nomination Committee of the Board is responsible for establishing and implementing appropriate procedures for nominating and appointing Board members.
- All Board members must hold university degrees, and two-thirds of members must have experience in the banking/financial sector.
- A Board member cannot simultaneously be a member of the Board, Executive Director, Regional Director, or employee of another bank within Iraq, unless that bank is a subsidiary or owns more than 20% of the shares in the Bank.
- A Board member may not hold more than three other board memberships in other institutions.

### Board Independence

- All Board members must be able to make independent decisions that serve the Bank's interests at all times.
- Each member must avoid participating in any decision that conflicts or appears to conflict with their personal interests or those of any party over the Bank's interests.

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- Board members must commit to collective decision-making processes that encourage open, constructive discussion and the freedom to express objections.
- A Board member must not have been an auditor, partner, or employee of the Bank's external auditor during the last three years prior to their election.
- Board members must not act as consultants to the Bank (including but not limited to legal, IT, banking, or investment advisors).
- Board members and entities they are affiliated with must not have credit facilities from the Bank, nor act as guarantors for such facilities.
- A Board member cannot serve on the boards of more than three joint-stock or public companies, whether personally or representing a legal entity.
- Board members and their affiliates must not have been employees of the Bank in the past three years.
- Board members must not be relatives or have any kinship ties of any degree with other Board members or senior executive management.
- Board members cannot be among the Bank's major shareholders or their representatives.
- Board members and their families or affiliates must not hold more than 2% direct or indirect ownership in any institution.

### 6. Other Provisions

- The Board shall elect a Vice-Chairman from among its members to preside over meetings and the Board in the absence of the Chairman.
- The Board appoints a Secretary responsible for managing minutes, maintaining records, and serving as a continuous link between members and the Bank's management, providing requested information.
- The Secretary's powers, duties, and responsibilities shall be approved by the Board, including accurately documenting discussions and member participation.
- The Chairman, Vice-Chairman, or any Board member must refrain from directly or indirectly engaging in negotiations involving the purchase, sale, mortgage, or disposition of the Bank's assets or assets pledged as loan collateral if based on personal interests rather than the Bank's interests.



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- The Board may delegate specific authorities to specialized committees or the Executive Director but remains directly responsible for the outcomes of such delegations.
- All delegations must specify the subject and duration and general or unlimited delegations are prohibited.
- The Board may seek external advisory opinions on any matters concerning the Bank, provided a majority of Board members approve.
- The Board may task one or more members with meeting Bank executive management to clarify and obtain their views on specific issues determined by the delegation decision.

### 7. Board Meetings

- The Board of Directors shall meet as required to manage the Bank's affairs, with a minimum of six meetings per year. An annual calendar of Board and committee meetings, including the main agenda items, shall be prepared and circulated at the start of each year. Topics related to Environmental, Social, and Governance (ESG) standards shall be a regular and integral part of the Board's agenda and discussions.
- All Board members are expected to make every reasonable effort to attend all meetings in person. Members may attend via video conference or telephone if necessary, subject to approval by the Chairman. Virtual attendance is limited to a maximum of two meetings per year.
- Attendance records shall be maintained and published in the Bank's annual report.
- If a Board member misses three or more meetings in a year, the Chairman must notify the General Assembly and may take appropriate actions as deemed necessary.
- Board meetings shall be held at the Bank's headquarters. If this is not feasible, meetings may be relocated within Iraq to a central location accessible to all Board members.
- The quorum for Board meetings requires the attendance of at least 50% of the non-executive Board members, including at least two independent members, or four members including two independent members, whichever is greater.
- The agenda, documents, and relevant materials for Board meetings must be distributed to members at least ten days prior to the meeting date. The agenda should regularly include strategic issues, including matters related to the ESG standards manual.

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- Board decisions are approved by a majority vote of those present. In case of a tie, the Chairman holds the casting vote.
- Board decisions must be clearly recorded in the minutes. Minutes must be reviewed and approved by all members who attended the meeting, whether in person or remotely. Minutes serve as the official record of the meetings. The Secretary shall sign the minutes, which must bear the Bank's seal within at least ten working days. The Board is responsible for its decisions and the resulting outcomes.
- The Board Secretary is responsible for accurately recording the minutes of Board and committee meetings, generally following the agenda order. The Secretary records any significant reservations expressed by members. The Bank shall maintain all minutes, including audio and video records of meetings.
- The Executive Management shall provide detailed information and agenda materials to Board members at least ten working days before the Board meeting. The Chairman shall verify the adequacy of these documents before distribution.

### 8. Duties and Responsibilities of the Chairman of the Board

- All Board members are appointed by shareholders at the General Assembly meeting. The Board elects the Chairman from among its members. The Chairman's role must be reviewed and approved within 30 days as required by the Central Bank of Iraq before public announcement of appointment.
- The Chairman shall lead the Bank and ensure the embedding of the Bank's culture across the Bank, its subsidiaries, and business units, promoting the highest standards of Environmental, Social, and Governance (ESG) principles.
- The Chairman shall chair the Board's ESG and Sustainability Committee, which reviews the annual report and recommends the Board's compliance with this charter.
- The Chairman shall lead the Board, ensuring its overall effectiveness, and oversee induction, evaluation, and development programs for Board members to maintain Board effectiveness.
- The Chairman must be an independent non-executive Board member, exhibiting objective judgment.
- The Chairman has the authority to act and speak on behalf of the Board between meetings, including open and constructive interaction with the Executive Director, reporting on such matters to the Board.

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- The Chairman represents the Board and the Bank to stakeholders, including shareholders, regulators, and the community, ensuring effective communication.
- The Chairman shall ensure the Board remains focused on strategic matters.
- The Chairman shall facilitate constructive relations between the Board, executive management, and Bank staff.
- The Chairman shall encourage Board members to freely express their opinions, contribute to discussions, accept diverse viewpoints, and support varied voting outcomes.
- In cooperation with Board members, the Chairman shall set the agenda for each Board meeting, ensuring focus on strategy, performance, sound management, ESG standards, and risk management. The Chairman shall ensure the Executive Management provides all Board members with accurate, clear, high-quality, and timely information to enable sound decision-making.
- The Chairman shall ensure the Board defines the nature and extent of acceptable banking risks and that no obstacles impede the Board's oversight of risk.
- The Chairman shall ensure all Board members sign the meeting minutes.
- The Chairman shall ensure succession planning for the Board and its committees.
- The Chairman shall identify and ensure ongoing development, expertise, training, and education requirements for Board members.
- New Board members shall attend an orientation program before or shortly after their first Board meeting to understand the Bank's strategy and operations.
- The Chairman coordinates with the Board Secretary regarding requirements and information for the General Assembly, including sending the meeting agenda at least 15 days in advance to the Central Bank to facilitate appointment of its representatives.
- The Board shall notify the Central Bank of any material information.

## Duties and Responsibilities of the Board of Directors

- The Board of Directors shall be collectively responsible for the ethical leadership, strategic guidance, and oversight of the Bank. It supervises the Executive Management and must approve the framework of the Bank's Environmental, Social, and Governance (ESG) standards manual.

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- Promote the Bank's culture, objectives, and values across all branches, integrating them into the framework of policies, procedures, and controls.
- Approve the Bank's core values that establish a culture of high ethical standards, integrity, professional conduct, and sustainability.
- Approve and ensure compliance with the Code of Conduct, conflict of interest policies, and the Bank's environmental and social policies, which must be published on the Bank's website.
- Establish and publish a formal charter defining the roles and responsibilities of the Board of Directors, clearly distinguishing these from the roles and responsibilities of the Executive Management.
- The Board must play an active role in guiding and overseeing environmental, social, and governance practices and regularly include these matters on its agendas and discussions.
- Develop, document, approve, and publish a Delegation of Authority policy specifying the powers and limits delegated to Executive Management by the Board.
- Define delegated powers and executive authorities for all Bank activities, including the CEO and Executive Management, covering banking transactions, credit approvals, signing of transfers, checks, guarantees, bonds, loans, mortgages, and letters of credit.
- Establish, document, approve, and publish a policy specifying which powers are reserved exclusively for Board decisions.
- Approve the Bank's plans, including vision, mission, strategic objectives, and goals, incorporating ESG and climate-related aspects.
- Actively participate in developing and approving the framework and policies related to strategy and risk appetite.
- Ensure the Bank has a Board-approved sustainability policy, published and publicly accessible, with an emphasis on ESG standards and climate change approaches.
- Identify and report on key material stakeholders, understand their needs and interests, and consider material ESG issues, including climate change and their impact on the Bank's operations.
- Approve medium- and short-term strategies and short-term plans.

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- Review the implementation of strategies, measure performance against plans, and oversee major capital projects, investments, acquisitions, mergers, or asset disposals.
- Discuss, approve, and monitor the Bank's annual plans and budgets to achieve strategic objectives.
- Approve a policy to monitor Executive Management's performance through key performance indicators (KPIs) that define, measure, and support Bank performance monitoring.
- Define and communicate the Bank's risk appetite, including liquidity risk, to Executive Management. Approve the annual capital plan and any capital structure changes.
- Approve sound risk management and internal control systems, including ESG risk management, internal audit, and operational controls, ensuring continuous monitoring, banking security, effective sustainability integration tools, climate-related risks, and comprehensive risk measurement, management, mitigation, and oversight.
- Require the Risk Management department to identify and quantify climate-related financial risks. The Board monitors risk management implementation and risk appetite to avoid exposing the Bank to excessive risk.
- Ensure sustainability goals, policies, and activities are clearly and publicly communicated to investors, customers, stakeholders, and all branches.
- Provide annual training to Bank employees on ESG standards, sustainability, and the financial impact of climate change.
- Ensure compliance with international standards in Bank activities, including preparation and disclosure of financial and non-financial corporate reports.
- Approve periodic and annual financial statements, dividend distributions, share allocations, stock trading rules, and any significant changes in accounting policies and disclosures.
- Approve the annual ESG performance reporting requirements, including submission of relevant evidence and disclosures.
- Approve the Bank's performance and remuneration policies, including policies for the Chairman, Executive Board members, and independent members. These policies must integrate sustainability agendas into the Bank's performance evaluation system.

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- Ensure the Bank applies a robust internal control system.
- Appoint the CEO and approve the terms of appointment following Central Bank of Iraq approval.
- Approve the appointment of the CEO and other senior executive positions based on merit, including key roles that require Board approval (e.g., Risk Manager, Board Secretary). The Board must receive annual performance reports for these key appointees.
- Establish five Board committees (Audit, Risk, Nomination and Remuneration, IT Governance and Communications, ESG and Sustainability), composed solely of Board members.
- The Board is responsible for accurate, truthful, and fair disclosure to the Central Bank of Iraq, including the annual performance report submitted to the Bank, shareholders, and stakeholders.
- Annually review and confirm the independence and competence of the external auditor, providing recommendations to shareholders regarding appointment or dismissal.
- Through the Audit Committee, appoint, supervise, and, if necessary, dismiss the internal auditor; determine and annually evaluate the internal auditor's remuneration and performance.
- Approve and review internal control and risk management systems, including ESG risk management.
- Ensure sufficient, reliable management information and IT systems covering all Bank activities.
- Promote a culture of good environmental, social, and governance practices throughout the Bank and encourage all staff and Executive Management to apply these practices.
- Ensure application of the Bank's credit policy with adherence to sound ESG practices for individual and corporate clients.
- Take necessary measures to clearly separate shareholder powers (especially qualified shareholders) from Executive Management, enhancing good ESG standards and establishing mechanisms to mitigate influence from qualified shareholders.
- Approve the Bank's organizational structure, defining clear administrative hierarchy and responsibilities.

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- Develop and annually review a Board succession plan to ensure renewal, as well as succession plans for the CEO and key executive positions.
- Ensure Executive Management is aware of official controls and responsibilities regarding anti-money laundering (AML), including monitoring the AML and counter-terrorism financing website, daily reviews, freezing of funds related to listed terrorists, and immediate reporting to the AML office.
- Establish an annual performance evaluation process for the Board, each committee, and individual members.
- Oversee policies, operations, and disclosure policies.
- Provide a comprehensive annual report to shareholders and stakeholders with transparent Bank operations.
- Develop communication policies and procedures requiring Board authority for regulatory and principal submissions.
- Ensure the Board provides the Central Bank of Iraq with up-to-date information on Board members, General Assembly, Executive Management, and subsidiaries within and outside Iraq.
- Ensure environmental, social, and governance risks are considered as part of credit approval and lending processes.

## **Appointment and Selection of the Managing Director**

- The Board of Directors shall appoint the Managing Director.
- The Managing Director must meet all legal requirements stipulated in the Banking Law No. (94) of 2004 and the applicable Companies Law.
- The Managing Director must be fully dedicated to managing the daily banking operations.
- The Managing Director shall be a person of integrity and good reputation.
- The Managing Director must have actual experience in executive banking management in accordance with the bank's rules and regulations.
- The Managing Director shall hold at least a bachelor's degree in finance and banking, business administration, accounting, economics, law, or any other relevant discipline related to banking business.

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- The Managing Director is responsible for implementing the Board's decisions within the authorities delegated by the Board.
- The Managing Director shall not hold the position of Chairman of the Board.

### Duties and Responsibilities of the Board Secretary

The Board of Directors shall determine the qualifications and duties of the Board Secretary. The Secretary shall be accountable to the Board through the Chairman. The Secretary's appointment or dismissal shall be decided by the entire Board. The Board Secretary shall perform the following tasks:

- Provide information to the Chairman and Board members regarding the Environmental, Social, and Corporate Governance (ESG) standards manual.
- Maintain all information systems and necessary processes to enable the Board to perform its duties and achieve the bank's goals and strategy, including compliance with this manual.
- Attend all Board meetings and keep records of key discussions, proposals, objections, reservations, and voting results, including audio-visual recordings or other suitable means to ensure accurate meeting records. The Secretary shall also record attendance, keep minutes, authenticate them, and ensure Board members sign the minutes, which then become the official legal record.
- Submit relevant documents and agenda items to the Board after approval by the Chairman.
- Support all Board committees by organizing meetings, distributing documents, managing minutes, and maintaining records.
- Provide new Board members with an orientation program, including the bank's governance documents, Board duties and responsibilities, legal and regulatory requirements, appointment letters, meeting schedules, and copies of all applicable laws and regulations.
- Organize the annual calendar of Board meetings with the Chairman's approval.
- Ensure Board members sign meeting minutes and follow up on the implementation of Board and committee decisions.
- Receive committee reports and present them to the Board.



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- Manage the sequential numbering system for Board resolutions from the beginning of the year throughout the year to ensure unique numbers for each resolution.
- Ensure compliance with all legal requirements related to Board affairs, including maintaining records of General Assembly meetings.
- Provide the Central Bank of Iraq with the approved meeting minutes signed by Board members.
- Communicate with shareholders and organize General Assembly meetings, including issuing invitations to shareholders, the Central Bank of Iraq, and the Companies Registration Department.
- Maintain current shareholder data and disclosures related to Board members' interests.
- Ensure the attendance of Board members, key executive management, and the external auditor at General Assembly meetings.

## Governance of Climate-Related Issues

- The Board must establish a governance framework to oversee climate-related aspects, ensuring sound management of climate-related risks and opportunities to guarantee the bank's sustainability and resilience.
- The framework must include the following:
  - Develop and approve a clear climate policy outlining the bank's and Board's commitment to addressing climate issues, which must be available on the bank's website.
  - The Environmental, Social, Governance, and Sustainability Committee (composed of independent non-executive members) shall oversee climate-related issues; a subcommittee may be formed for this purpose.
  - The Board shall assign climate-related responsibilities within relevant committees (Risk Committee, Audit Committee), coordinating with the ESG and Sustainability Committee or its subcommittee.
  - The Board shall appoint members with sufficient skills in climate change.
  - The Board ensures the integration of climate aspects into the bank's policies, governance, meetings, business model, and strategy.
  - The ESG Committee shall adopt the following required information:

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- Commitment of the bank and Board to key climate-related goals with associated metrics.
- Approval of a roadmap to achieve net-zero emissions by 2050 with key milestones.
- Integration of climate risks and opportunities into the bank's strategy, business model, financial plans, operations, and Board decision-making, including adaptation and mitigation measures for short, medium, and long term.
- Inclusion of climate aspects in the Code of Conduct, credit policy, and risk management policy.
- Appointment of a dedicated climate-related task force within the organizational structure.
- Definition of processes for management to assess and respond to climate risks and opportunities, including scenario analysis.
- Executive management shall regularly report to the Board on climate-related matters.

### General Tasks and Responsibilities

- **Disclosure of Personal Interests:**
  - All Board members and senior bank employees must fully disclose any significant direct or indirect personal financial interests, including those of their family members, when they become Board members and annually thereafter, per the bank's guidelines and Central Bank regulations.
  - Any related interest discussed in Board or committee meetings must be disclosed at the beginning of the discussion by the concerned member or employee, who must then recuse themselves from the discussion and voting, and their presence shall not count towards quorum.
- The Board shall set the bank's strategic objectives, direct executive management to prepare a strategy to achieve these objectives, and approve this strategy and annual action plans aligned with it.
- The Board approves the bank's comprehensive plans (vision, mission, goals, core values) in line with the General Assembly's guidance.

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- The Board guides executive management to implement, monitor, evaluate, and revise plans as necessary.
- The Board approves policies, procedures, and frameworks ensuring compliance with Islamic Sharia principles in all bank activities and products.
- The Board supervises senior executive management, monitors performance, ensures financial soundness, and approves adequate oversight and control policies.
- The Board adopts policies to monitor and review executive management's performance through key performance indicators aligned with institutional goals.
- The Board ensures comprehensive policies, plans, and procedures exist bank-wide, comply with relevant legislation, and are regularly reviewed.
- The Board defines core institutional values, clear responsibility and accountability lines, and fosters a strong culture of ethics, integrity, and professional conduct.
- The Board is responsible for the bank's overall safety, financial conditions, compliance with Central Bank and regulatory requirements, and management within legal and internal policy frameworks, ensuring effective ongoing oversight, including outsourced activities, and considering stakeholders' interests.

## **Organizational and Performance Supervision Tasks**

- Implement and follow up on General Assembly decisions.
- Submit annual financial statements, reports on plan implementation, and results to the General Assembly for discussion and approval.
- Ensure compliance with international standards in all bank activities.
- Discuss and approve annual plans and budgets and monitor implementation.
- Form permanent and temporary committees from Board members or others as needed.
- Appoint a Managing Director from Board members with integrity, technical competence, and banking experience, responsible for implementing Board decisions and daily operations.
- Approve executive management appointments, evaluate their performance, supervise, hold accountable, and require clear explanations.

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- Review bank performance, management, and deviations based on periodic reports from executive management, internal and external auditors, internal Sharia supervisor, and Sharia Supervisory Board; take corrective measures as needed.
- Appoint, accept resignation, or dismiss the Internal Audit Manager, Risk Manager, and Compliance Manager upon Audit Committee recommendation and Central Bank approval.
- Approve internal control systems annually, ensure auditors review these systems, and confirm adequacy in the annual report.
- Ensure external auditor independence.
- Approve risk management strategy, acceptable risk levels, ensure the bank is not exposed to excessive risks, understand operational risk environment, and ensure adequate risk management infrastructure.
- Ensure adequate and reliable management information systems covering all bank activities.
- Verify that credit policy includes corporate governance principles for clients, especially public joint-stock companies.
- Oversee social initiatives related to environment, health, education, and suitable financing for micro, small, and medium enterprises at appropriate terms.
- Determine banking operations requiring Board approval (as per the bank's authority manual) while avoiding over-extension that impairs oversight or grants executive powers, including credit approval by any individual Board member.
- Approve an internal audit charter defining the Internal Audit Department's tasks, authorities, and responsibilities, and circulate it within the bank.
- Board members and committees may communicate directly with executive management and the Board Secretary to facilitate duties, including engaging external resources at the bank's expense in coordination with the Chairman, without interfering with executive decisions outside Board deliberations.
- Ensure clear separation between controlling shareholders and executive management to enhance sound corporate governance and limit controlling shareholders' influence by:
  - Prohibiting controlling shareholders from holding senior executive positions.

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- Granting executive management operational authority solely from the Board, operating within delegated powers when managing banking operations (per the authority manual).
- Approve the bank's organizational structure showing clear administrative hierarchy including Board and executive committees.
- Apply principles of good governance.
- Promote governance culture among employees and executive management through training and encourage clients to implement governance practices.
- Ensure bank compliance with sustainability standards.
- Ensure clear separation between qualifying shareholders' authority and executive management, reducing their influence.
- Approve and annually review administrative succession plans.

### Duties and Powers of the Chairman of the Board

- Maintain constructive relationships between the Board and executive management, and between the bank and shareholders/stakeholders.
- Encourage constructive criticism and open discussion, especially on contentious issues, and promote debate and voting.
- Ensure all Board members receive and sign prior meeting minutes and get meeting agendas sufficiently in advance from the Secretary, including adequate written information.
- Support members' continuous learning and provide new members with orientation covering at least:
  - Institutional goals and strategy
  - Organizational structure
  - Environmental, social, governance standards
  - Code of professional conduct
  - Bank's financial status
  - Risk types, structure, and risk management framework

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- Invite the Central Bank of Iraq to attend General Assembly meetings at least fifteen days prior.
- Ensure informing the Central Bank of Iraq of any material information.

### **Duties and Powers of Each Board Member**

- Understand relevant banking laws, principles, operating environment, and developments including senior executive appointment requirements.
- Attend Board, committee, and General Assembly meetings as required.
- Maintain confidentiality of the bank's information and not misuse it for personal or others' benefit.
- Prioritize the bank's interest in transactions involving companies with personal interests, avoid conflicts of interest, disclose any conflicts in detail, recuse themselves from related decisions, and document disclosure in meeting minutes.

### **Board Performance Evaluation**

The Board's overall performance shall be evaluated at least once annually, with results presented to the General Assembly, based on:

- Setting measurable objectives and defining the Board's supervisory role in achieving them.
- Establishing key performance indicators for the Managing Director and executive management derived from strategic objectives and annual plans.
- Communication between the Board and shareholders.
- Frequency of Board meetings with executive management.
- Individual member roles, attendance, and participation.
- Comparison of individual member performance.
- Feedback methodology from the evaluated member to improve transparency and the evaluation process.