



# **CORPORATE GOVERNANCE GUIDE 2022**



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# Corporate Governance Guide

## Introduction

The Central Bank of Jordan defines Corporate Governance as a system through which the Bank is managed and run. This system aims at identifying and achieving the corporate objectives of the Bank, managing the Bank's business safely, protecting the depositors' interests, being committed by due diligence responsibility towards shareholders and other stakeholders and abiding by laws and the Bank's internal policies.

Jordan Kuwait Bank perceives corporate governance as the key to win the confidence of the customers and other parties interested in JKB. Corporate Governance is the methodology through which JKB manages its interrelations and relations with the other involved parties.

JKB believes that the existence of good corporate governance will result in good management of the Bank and help to achieve the Bank strategic objectives. Moreover, JKB has an absolute belief that the presence of good governance at all Jordanian institutions will lead to have efficient institutions and provide the appropriate competitive environment, and so support the national economy in general. As banks play an important role in the financial system, and their businesses depend on their customers' deposits, it is therefore of high importance that they should have good corporate governance.

In view of that, the Board of Directors (BoD) of JKB decided to adopt the Corporate Governance Guide ("the Guide") which has been prepared according to the best international standards in this regard and based on the instructions of the Central Bank of Jordan (CBJ) and other regulatory authorities. By adopting this guide, JKB aims at implementing the principles of corporate governance represented in fair treatment of all relevant stakeholders, transparency and disclose JKB's actual financial and administrative position, in addition to accountability in terms of the relations between the BoD and executive management, BoD and shareholders, and BoD and other entities. JKB provides the approved version of the Guide on its website [www.jkb.com](http://www.jkb.com)

This guide reflects JKB requirements and policies approved by BoD. The Guide provisions shall be applicable to BoD, senior executive management and staff. JKB adopts strategies, policies and administrative structures of its subsidiaries within the framework of sound governance.

## Definitions:

<b>Corporate Governance:</b>	The system by which the bank is directed and managed, and which aims at identifying and achieving the bank's Corporate goals, managing the bank's operations safely, protecting the interests of depositors, committing to the responsibility due towards shareholders and other stakeholders, and the bank's commitment to legislations and the bank's internal policies.
<b>Adequacy:</b>	The availability of specific requirements in the bank's board of directors' members and its senior executive management.
<b>The Board:</b>	The bank's Board of Directors
<b>Stakeholders:</b>	Anyone with interest in the bank, such as depositors, shareholders, employees, creditors, clients, or relevant control bodies.
<b>Main Shareholders:</b>	Any person holding 5% or more of the bank's capital, directly or indirectly.
<b>Executive Member:</b>	Board of Directors' member who participates, against remuneration, in managing the bank's daily operations.
<b>Independent Member:</b>	A member of the Board of Directors who is not subject to influences that may hinder his ability to take objective decision to the Bank's favor and satisfies the conditions stipulated in article (6/D) of these instructions.
<b>Senior Executive Management:</b>	Includes the Bank's top positions specified in the Banking Law and the Corporate Governance Instructions issued by the Central Bank of Jordan, other instructions and legislations to which the Bank is subject, and all the positions defined in accordance with the job evaluation system adopted by the Bank at grade 20 or above.

## JKB Corporate Governance Objectives

JKB aims at achieving the best standards of business ethics covering all the Bank's business aspects through disclosing JKB results accurately and transparently, and complete abidance by the various laws and regulations that govern JKB work.

## Legal framework and sources of corporate governance

In preparing the Corporate Governance Guide, the Bank relied on the following:

- Banking Law In force.
- Companies' Law in force.
- Securities Law in force and the instructions of the Securities Commission.
- Deposit Insurance Law in force.
- Regulations and instructions issued under the above mentioned laws and any subsequent amendments thereof.

- Instructions for Corporate Governance for Banks issued by the Central Bank of Jordan
- Basel Committee relevant publications.
- OECD countries and the World Bank publications on corporate governance.
- Accounting Standards and International Financial Reporting Standards employed by investors to hold the management accountable.
- Laws in force in countries where JKB has branches and within the limits of JKB business.

In addition to the laws protecting the rights of shareholders, depositors and stakeholders.

## **Corporate Governance Related Parties**

### **1. Shareholders**

JKB framework of governance is dedicated to protect shareholders' rights along with serving and fairly treating them, particularly in the light of the laws, regulations and instructions issued by the regulatory authorities. The same also applies to JKB policies and procedures.

### **2. BoD Members**

BoD members, on behalf of the shareholders, manage JKB under the various laws which define their duties and responsibilities (such as, Companies Law, Banks Law ... etc.

### **3. Employees**

All JKB employees, respectively, are held responsible for the implementation of the internal control procedures as part of their responsibilities in achieving the objectives of the Bank.

JKB employees should have the necessary information, skills, knowledge and authority to carry out JKB businesses. Indeed, this requires full understanding of the Bank, the industry, the market and the risks associated therein.

Through the employees' pursuit to achieve these requirements, they will positively contribute to JKB performance and achievements, and this will lead to job security and satisfaction.

### **4. Creditors**

The different parties that are related to JKB, through contractual relations such as customers, suppliers and creditors.

## **Organizational Structure**

Part of BoD duties is to approve an organizational structure consistent with the nature of JKB activities, to ensure that there are sufficient regulations to implement the adopted strategy, to facilitate effective decision-making process and to implement good corporate governance through:

- Clear and transparent organizational structure.
- Specific targets for each administrative unit.
- Job's specific duties and responsibilities for each administrative unit.
- Authorities, reporting lines and direct supervision channels designated for different managerial positions, as well as proper tasking/ tasks segregation.
- Manuals, policies and work procedures appropriate to execute and supervise operations, particularly defining a job description for all levels of jobs within the organizational structure, including qualifications and experience of staff holding each position.
- Ownership structure which does not hinder corporate governance.
- Independent departments to perform the functions of risk management, audit and compliance.
- Units and employees that are not involved in the daily operations of JKB activities (such as the employees of Credit Review and Middle Office).

## **BoD Members**

- A. The Bank's Board of Directors shall consist of, at least, thirteen members and four of them should be independent Directors as defined by the governance instructions issued by the Central Bank of Jordan on independent member.
- B. None of the Members of BoD shall be an executive Director.
- C. BoD develops a clear and appropriate policy for its members which is consistent with the laws and regulatory requirements.
- D. In spite of what is stipulated in the Companies' Law, it is not permissible to assume both the positions of the board chairman and the general manager. The chairman of the board, board members, or main shareholders may not be connected to the general manager with a familial relationship below the fourth degree.
- E. The Chairman of the board, board members, or main shareholders must not be connected to any of the members of the senior executive management with a familial relationship below the second degree.

## **BoD Responsibilities**

BoD is responsible for the soundness of all JKB operations, including its financial conditions, implementation of the Central Bank requirements besides other supervisory and regulatory requirements relating to JKB businesses, care for stakeholders, management of the Bank within the framework of its internal rules and policies, ensure that effective control over JKB activities is always in place, including JKB activities delegated to third-parties. To achieve all of that, members of BoD and their committees are allowed to have a direct contact with the executive management and BoD Secretary, while ensuring that none of the board members influences the decisions of the executive management, except through deliberations which take place during the board meetings or those of the committees emanating from it. BoD members are also authorized to seek external assistance, when required, on JKB expense in coordination with the Chairman.

## **BoD Tasks and Duties**

Given the terms of reference and powers of JKB General Assembly, the elected BoD by the General Assembly shall carry out the duties and responsibilities of managing JKB activities for a period of four years effective the date of election. BoD tasks and duties include, but are not limited to:

### **I. In the area of general supervision, control and draw JKB strategies:**

1. Overseeing senior executive management and follow-up their performance and ensure soundness of JKB financial position and solvency. BoD shall adopt appropriate policies and procedures for supervision and control over JKB performance.
2. Identifying JKB strategic objectives, directing the executive management to develop a strategy to achieve these objectives, and approving this strategy. BoD shall adopt action plans which are consistent with this strategy.
3. Approving JKB organizational structure which identifies reporting sequence, including BoD committees and executive management.
4. Approving a policy to monitor and review the executive management performance through developing performance indicators to identify measure, and monitor the performance and progress towards the achievement of corporate goals.
5. Ensuring the existence of policies, plans and procedures covering all JKB activities which are consistent with the relevant laws, and that they are communicated to all administrative levels, and are regularly reviewed.
6. Identifying JKB corporate values, drawing clear lines of responsibility and accountability for all JKB activities and promoting a high-level culture of ethical standards, integrity and professional conduct of JKB managers.



7. Taking the appropriate actions to address weaknesses in the internal control systems or any other points identified by the external auditor, adopting internal control systems and reviewing them annually, in addition to approving appropriate controls which enable BoD to hold the senior executive management accountable for their actions.

## **II. In the area of policies, instructions, strategies and controls to be endorsed by BoD:**

1. Approving appropriate policies and procedures to supervise and control JKB performance.
2. Approving a set of clear boundaries of responsibility and accountability to be committed to, and abided by, all levels of JKB management.
3. Approving an effective policy to ensure the relevancy of BoD members "fit and proper". The policy should include minimum criteria, and conditions that the BoD candidate and appointed member should have. The policy should be reviewed from time to time and when necessary. BoD should develop adequate procedures and systems to ensure that all BoD members meet relevance standards and that they continue to enjoy them.
4. Approving a policy to ensure the relevancy of the members of senior executive management so that this policy includes minimum criteria, and conditions of laws in force on senior executive management. BoD reviews this policy from time to time, establishes sufficient procedures and systems to ensure that all members of the senior executive management meet the relevance standards and that they continue to enjoy them.
5. Approving a system to measure the performance of the Board and its members, and a system to measure the performance of JKB administrators excluding BoD members and the General Manager.
6. Approving a policy and procedures to address any conflict of interests for JKB is part of a banking group, and disclosure of any conflict of interest may arise as a result of JKB partnerships with companies of the group.
7. Approving policies and procedures for dealings with stakeholders, so they include identifying these parties, taking into consideration the laws, transactions terms, approval procedures and a mechanism to monitor these transactions, so as not to go beyond these policies and procedures.
8. Approving the controls for information transfer among various departments to prevent exploiting them for personal advantages.



### **III. What BoD should verify:**

1. Ensure the existence of adequate and reliable management information systems which cover all JKB activities.
2. Verify that the credit policy includes assessing the quality of corporate governance of JKB clients, mainly public shareholding companies, so that clients' risks are assessed by identifying their strengths and weaknesses according to their governance practices .
3. Ensure that JKB adopts appropriate social initiatives in the field of environment protection, health and education, taking into account financing of SMEs at affordable prices and proper repayment schedules.
4. Ensure that the organizational structure clearly reflects borders of responsibility and authority.
5. Ensure that senior executive management performs its responsibilities related to the management of JKB daily operations, contributes to the implementation of corporate governance at the Bank, delegates powers to the staff, establishes an effective management structure that boosts accountability and that they carry out tasks in various areas and activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
6. Ensure that the executive management enjoys a high level of integrity in exercising its business and avoid conflicts of interest.

### **IV. BoD duties in the area of recruitment, appraisal and rewards:**

1. Appointing a general manager enjoys qualities of integrity, technical competency and banking expertise, after obtaining the Central Bank of Jordan's "No Objection" prior to his appointment.
2. Approve, based on the recommendations of the special committee, the appointment of any executive management member after obtaining the Central Bank of Jordan's "No Objection"
3. Approve, based on the recommendations of the special committee, the resignation or service termination, of any executive management member. As for the resignation or service termination of the General Manager, the Audit manager, the Risk Management manager and the Compliance manager CBJ's "No Objection" should be obtained,
4. Forming committees from BoD members, defining their objectives and delegating powers according to a charter identifying such powers. Committees should submit periodic reports to BoD.
5. Endorsing a succession plan for senior members of the executive management of the bank. BoD should review this plan once a year at least.
6. Assessing the General Manager's performance annually in accordance with an appraisal system developed by the Nominations and Remuneration Committee, including developing the KPIs. Factors of the General Manager's performance appraisal should include JKB financial and administrative performance and his achievement of JKB medium and long term strategies and plans. The committee should report the appraisal results to the Central Bank of Jordan.

7. Establishing procedures to determine BoD members' remunerations in accordance with the approved appraisal system.
8. Ensuring the relevance of BoD members and members of the senior executive management in accordance with the JKB adopted policies and laws and regulations in force. BoD should verify that all declarations included in the Central Bank of Jordan instructions are duly signed.
9. Adopt a system to evaluate its work and that of its members, providing this system includes, as a minimum, the following:
  - Establish specific objectives and specify the role of the board in fulfilling these objectives in a measurable manner.
  - Establish key performance indicators that could be derived from the plans and strategic objectives, and used to measure the board's performance.
  - Communication between the board of directors and the shareholders, and maintaining this communication periodically.
  - Periodical meetings between the board of directors and the senior executive management.
  - The member's role in the board of directors' meeting, and comparing his performance with that of others. Feedback must be obtained from the relevant member for the purpose of improving the evaluation process.
10. Adopt a system to measure the performance bank's administrative staff other than members in the board of directors, and the general manager, provided this system includes the following as a minimum:
  - An adequate weighted value is given to measure compliance performance in the work frame of risk management, implementing internal control and organizational requirements.
  - That the total income or profit is not the only element to measure performance, but by taking into consideration also other elements to measure the performance of administrators, such as risks resulting from basic operations, customer satisfaction, and others, wherever this is applicable.
  - Refraining from peddling influence and conflict of interest.

#### **V. BoD Duties in the Area of Disclosure and Publication:**

1. Ensuring the allocation of a part of JKB website to give details on the shareholders' rights and encourage them to attend and vote at the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and minutes of meetings.
2. Ensuring that the financial and non-financial information of interest to stakeholders is published.
3. Ensuring that JKB abides by disclosures set by the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), instructions of the Central Bank of Jordan, other relevant laws and international accounting standards. BoD should also ensure that the executive management is aware of changes taking place to the international financial reporting standards.

4. Ensuring to include disclosures in JKB annual and quarterly reports which give the current or potential shareholders an access to JKB operations results and financial position.
5. Ensuring that the annual report includes the following as a minimum:
  - A summary of the bank's organizational structure.
  - A summary of the functions and responsibilities of the board's committees, and any authorities the board delegated to these committees.
  - The Banks' Corporate Governance manual and Information important to stakeholders as shown in, and the extent to which it is committed to implementing what was mentioned in the manual.
  - A text stating the responsibility and approval of the Board for the accuracy and adequacy of the financial statements of the Bank and the information contained in the report and the adequacy of internal control and systems.
  - Information about each member of the board of directors, his qualifications and experience, and the amount of his contribution in the bank's capital, and whether he is independent or not, his membership in the board's committees, the date of his appointment, any membership he enjoys in the boards of directors of other companies, all forms of bonuses he received from the bank for the previous year, loans extended to him by the bank, and any other operations concluded between the bank and the member or the parties related to him.
  - Information about the risk management department, including its organization, the nature of its operations, and the developments taking place in it.
  - Number of times the board of directors met, its committees, and the number of times each member attended these meetings.
  - Names of each member of the board of directors and the senior executive management who resigned over the year.
  - A summary of the bank's bonus-granting policy, disclosing all types of bonuses and awards to the board of directors' members separately, as well as bonuses granted to members of the senior executive management separately, for the past year.
  - The main shareholders of the Bank and in the companies that contribute mainly in the Bank
  - Names of shareholders who own (1%) or more of the bank's capital, specifying the ultimate beneficial owners of these contributions or any part thereof, clarifying if any of these contributions is totally or partially mortgaged.
  - Affirmations from all board members that the member did not receive any undisclosed benefits through his work at the bank, whether these benefits are material or tangible, and whether they were for him personally or for anyone related to him, for the previous year.
6. Notifying the Central Bank of Jordan by any material information that could adversely affect relevance of any member of the senior executive management.

7. Providing a specific mechanism to ensure communication with stakeholders through disclosures and providing significant information on JKB activities to those stakeholders through the following:
  - General assembly meetings.
  - Annual report.
  - Quarterly reports that contain financial information, in addition to the board's report on the bank shares dealings and its financial position during the year.
  - The bank's website.
  - Shareholders' relations section.
8. Develop a mechanism for receiving complaints and proposals submitted by the shareholders, including their proposals to include specific topics on the agenda of the meeting of the General Assembly and take appropriate decision thereon.
9. Establish a mechanism to allow shareholders holding at least 5% of the shares to add items on the agenda of the Ordinary General Assembly before sending it to the shareholders.

#### **VI. BoD duties in the Area of Internal and External Audit:**

1. Adopting the necessary procedures to enhance internal audit effectiveness through: displaying the due importance of the audit process, consolidating it in the Bank and following-up the corrective measures as per the audit notes.
2. Ensuring that the Internal Audit Department is able to carry out its tasks, it has the qualified staff and be certain to provide the Department constantly with appropriate and trained employees.
3. Ensuring and enhancing the principle of internal auditors' independence, placing them at adequate level in JKB's organization structure, ensuring they have access to all records and information and the ability to contact any JKB employee, so that they are able to fulfill the tasks entrusted to them and prepare their reports without any external interference.
4. Adopting an internal audit code which includes duties, authorities and responsibilities of the Audit Department and to be circulated within the Bank.
5. Adopting systems of internal control and monitoring. BoD is to ensure that the internal and external auditors review the structure of these systems once a year at least. BoD should furnish JKB annual report with information confirming the adequacy of these systems.
6. Verifying that the Internal Audit Department is subject to the direct supervision of the Board Audit Committee, and it reports directly to the Chairman of the Audit Committee.
7. Ensuring the external auditor's independence at all times.
8. Ensuring a regular rotation of the external auditor among audit offices and its subsidiaries and allied companies each seven years at maximum, the seven year period at starting the implementation shall be calculated as of the year 2010.

The first year (at circulation) for the new office shall be performed jointly with the old office. It is not permissible to re-elect the old office again before at least two years have elapsed from the date of its last election at the bank, excluding to the joint audit mission.

#### **VII. BoD Duties in the Area of Compliance:**

1. Approving a policy to ensure JKB compliance by all relevant laws, and reviewing this policy on a regular basis and verifying that it is implemented.
2. Approving the duties and responsibilities of Compliance Control Department.
3. Ensuring Compliance Control Department independence and providing it constantly with qualified and trained staff.

#### **VIII. BoD Duties in the Area of Risks:**

1. Prior approving any expansion in JKB activities, BoD should take into account related risks and competences and qualifications of Risk Management Department staff.
2. Approving a strategy for risk management and monitoring its implementation. Such a strategy should include the acceptable level of risk, and ensure not exposing the Bank to high risks. BoD should be acquainted with JKB operational environment and risks associated with it. BoD should ensure that JKB has the tools and infrastructure designated for risk management that are able to identify, measure, control and monitor all types of risk faced by the Bank.
3. Approving an Internal Capital Adequacy Assessment Process. Such a process should be comprehensive, effective and able to identify all risks that JKB may encounter, and that it takes into consideration JKB strategic plan and capital plan. BoD should review this process regularly, verify its implementation, and validate that JKB maintains adequate capital to encounter all risks it may face.
4. Approving JKB acceptable risk document.
5. Verifying that violations on acceptable levels of risk are addressed, including holding the senior executive management accountable for such violations.
6. Ensuring that the Risk Management Department conducts stress testing periodically to measure JKB ability to withstand the shocks and cope with high risks. BoD should play a key role in approving assumptions and scenarios used and discuss the tests results, as well as approving actions to be taken based on these results.
7. Ensuring Risk Management Department independence through submitting its reports to the Risk Management Committee, and granting the Department the necessary powers to be able to obtain information from other JKB departments and to cooperate with other committees to carry out their duties.

### **Duties of the Chairman of the Board:**

1. To establish a constructive relationship between BoD and JKB executive management.
2. To promote the culture of constructive criticism on issues discussed in general and issues where members have various views regarding them, and to encourage debate and vote on those issues.
3. To ensure that all BoD members receive and sign the minutes of previous meetings, and that they receive the agenda of any meeting in advance providing that the agenda includes sufficient written information about topics that will be discussed at the meeting. The Secretary of the Board shall deliver the meeting agenda.
4. To ensure the existence of the code that regulates and sets out BoD scope of work.
5. To discuss the strategic and significant issues in BoD meetings extensively.
6. To provide each BoD member upon being elected with the provisions of laws related to banks activities and the Central Bank instructions related to the work of BoD, including corporate governance instructions, the booklet which explains the member's rights, responsibilities and duties, and duties of the BoD Secretary.
7. To provide each member with a sufficient summary of JKB businesses upon appointment or upon request.
8. To discuss with any new member, with the assistance of JKB legal adviser, BoD duties and responsibilities, particularly the legal and regulatory requirements. This is to be done to clarify the duties, powers and other issues related to BoD membership, including the membership term, dates of meetings, committees' duties, rewards, and the possibility to seek an independent specialized technical advice, if required.
9. To meet the BoD members' needs regarding the development of their experience and their continuous learning. Chairman may allow the new member to attend orientation program taking in consideration the member's banking background. The program must cover the following topics as a minimum:
  - a. The Bank's organizational structure, corporate governance and the Code of Professional Conduct.
  - b. Institutional objectives and the Bank's strategic plan and its approved policies.
  - c. Financial conditions of the Bank
  - d. The Bank's risk structure and risk management framework.
10. To address an invitation to the Central Bank to nominate a representative to attend the General Assembly meetings prior enough time.



11. To provide the Central Bank with the minutes of meetings of the General Assembly no later than five days as of the date of the Companies' Controller or his/her representative endorsement of the minutes of meeting.
12. To ensure informing the Central Bank of any material information that could adversely affect the relevance of any members of BoD or executive management.

### **Duties of BoD Member:**

1. To have knowledge of laws and principles of JKB banking and operational environment, cope with developments taking place, besides the external developments related to its business, including appointment requirements of JKB senior executive management.
2. To attend BoD and its committees meetings, as needed, and the General Assembly meetings.
3. Not to disclose any JKB confidential information or using them for their or others interest.
4. To give the priority for JKB interests in all transactions with any other company in which he has a personal interest, not to take JKB business opportunities to his own advantage, and to avoid conflict of interest.
5. Disclose to the board in detail of any conflict in interests in case they existed, committing not to attend or participate in the decision taken in the meeting in which this issue is deliberated, and to record this disclosure in the board's minutes of meeting.
6. Allocate sufficient time to carry out his duties as a member of the Board of Directors

### **The Board Secretary**

1. To attend all BoD meetings, record all the deliberations, suggestions, objections, reservations and vote processes on BoD draft decisions.
2. To determine dates of BoD meetings in coordination with the Chairman.
3. To ensure that BoD members sign the minutes of meetings and decisions.
4. To follow up the implementation of BoD decisions and to follow-up any pending issues from the previous meeting.
5. To keep records and documents of BoD meetings.
6. To take the necessary measures to ensure that draft decisions planned to be issued by BoD comply with relevant laws.
7. To prepare for the General Assembly meetings and to cooperate with the BoD committees.
8. To provide the Central Bank with the relevance declarations signed by BoD members.



## **BoD Meetings**

1. BoD shall convene at a written notice of the Chairman, or Vice-Chairman if he/she is absent, or upon a written notice submitted by a quarter of its members to the Chairman justifying the grounds for such a meeting. If the Chairman or Vice-Chairman do not call for a meeting within seven days effective as of the date of receipt of notice, members who submitted the notice shall have the right to call BoD to convene.
2. BoD shall convene with the presence of an absolute majority of members at JKB head office or in any other place within the territories of the Kingdom if it is impossible to hold it at JKB head office. BoD decisions shall be issued with absolute majority of members who attend the meeting. If votes are equal, the chairman of the meeting shall be deemed a casting vote.
3. Board members shall attend Board meetings in person or through electronic means.
4. Voting on BoD decisions shall be in person or through electronic means and carried out by the persons themselves and it could not be by proxy. The minutes may be signed electronically.
5. In the event that the meeting is held through electronic means, the Chairman of the Board and/or Vice Chairman in his absence and the board secretary shall approve the minutes of the meeting and hold it legally.
6. BoD meetings shall be held six times at least per a fiscal year. There should be a meeting for the BoD every two months.
7. The Board of Directors shall appoint a Secretary to record minutes of Board meetings and resolutions in a precise and complete manner and to record any reservations raised by any member. The Bank shall keep all such records appropriately.
8. Prior BoD meeting, the senior executive management should provide BoD members with complete and accurate information and the Chairman should ensure doing so.

## **Responsibility and Accountability Limits**

- BoD adopts clear boundaries of responsibility, accountability and commitment and to abide by them at all levels of management in JKB.
- Take the necessary steps to create a clear separation between the authorities of the shareholders who own an influential interest on one side, and the executive management on the other, for the purpose of reinforcing proper Corporate Governance, and hence, create adequate mechanisms to reduce the effect of shareholders who own influential interest, through the following, as an example:
  - That none of the shareholders who own influential interest occupies any position in the executive management.

- That the top executive management derives its authority from the board only, and work within the mandate granted to it by the board.
- BoD should ensure that JKB organizational structure plainly reflects the lines of responsibility and authority, and that it includes the necessary regulatory levels under the laws and regulations in force.
- Ensure that senior executive management performs their responsibilities related to the management of JKB daily operations, they contribute to the implementation of corporate governance at the Bank, they delegate powers to the staff, they establish an effective management structure that will give a boost to accountability and they carry out tasks in various areas and the activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
- BoD approves the appropriate controls which enable them to hold the senior executive management accountable for their actions.
- In addition to what is stated in laws, the General Manager shall act as follows:
  - Develop JKB strategic direction
  - Implement JKB strategies and policies
  - Execute BoD decisions
  - Provide guidance to implement short and long term action plans.
  - Deliver JKB vision, mission and strategy to the staff.
  - Inform BoD by all the significant aspects of JKB operations.
  - Manage JKB day-to-day operations.

### **The Board Committees:**

- To further organize the work of BoD and increase its efficiency and effectiveness, BoD forms various committees from its members, delegate certain powers and responsibilities to them and name their chairmen.
- The committees must submit periodical reports to the Board as stipulated in their charters. The existence of these committees does not absolve BoD to assume direct responsibility for all matters relating to JKB.
- Any member of the Board shall not serve as chairperson of more than one of the following committees (Audit, Risk & Compliance, Nomination & Remuneration, and Corporate Governance). He is also prohibited from serving as chairperson of more than two committees of all Board committees.
- Board committees have the following authorities:
  - Request any data or information from bank staff who must cooperate to provide this data in a complete and accurate manner.

- Request legal, financial, administrative or technical advice from any external consultant.
- Request the presence of any bank employee to provide any necessary clarifications.
- The members of committees emanating from the Board of Directors may vote on the decisions of the committees which have been fully attended through the video or telephone because of inability to attend in person due to an acceptable reason to the Board of Directors, and sign of the minutes of the meetings of these committees provided it is duly documented. The members attending the meeting in person should not be less than two thirds of the members of the committee, and that the personal attendance of the member shall not be less than (50%) of the meetings of the committee held within one year.

## **A. Board Audit Committee:**

### **Committee's Role:**

The Board Audit Committee is tasked to carry out the following, in addition to other relevant functions stated in its Charter. The Charter stipulates the right of the committee to get any information from the executive management and its right to call any administrator to attend its meetings. The Audit committee's tasks may not be merged with the tasks of any other committee.

1. The Committee shall review:
  - a. The scope, results and the adequacy of JKB internal and external audit
  - b. Accounting issues that have a significant impact on JKB financial statements
  - c. JKB internal control and monitoring systems.
2. Provide recommendations to BoD regarding the external auditor's appointment, termination, fees and any other related contracting terms, taking into account any other tasks entrusted to them which lie outside the scope of the audit.
3. Verify the independence of the external auditor annually.
4. The Committee shall enjoy the power to obtain any information from the executive management, and has the right to call any administrative officer to attend any of its meetings, if so is stipulated in the committee's charter.
5. Meet with the external and internal auditors and compliance officer once at least annually without the attendance of any of the senior executive management members.
6. Review and monitor procedures that enable the employee to report confidentially any mistake in financial reports or any other matters. The Board Audit Committee shall ensure implementing the necessary arrangements for carrying out an independent investigation and follow the results of the investigation and treat them objectively.

7. Verify that the internal audit staff is rotated to audit JKB various activities every three years at minimum.
8. Verify not to task internal audit staff with any executive duties.
9. Verify that all JKB activities, including outsourced activities assigned to third parties, are subject to audit.
10. The Board Audit Committee shall exercise the role entrusted to it under the Banks Law and other relevant laws. This should include particularly the following:
  - Review and approval of the internal audit plan which includes audit scope and frequency.
  - Ensure that the executive management takes the corrective actions on a timely manner regarding weaknesses in the internal control, and cases of non-compliance with policies, laws and regulations, and other remarks identified by the internal audit.
  - Ensure that JKB is implementing the international accounting and audit standards accurately.
  - Review observations stated in the regulatory authorities and external auditor reports and follow-up the correction procedures.
  - Review JKB financial statements prior submitting them to BoD, particularly to verify regulatory authorities' orders on capital adequacy, adequacy of provisions taken against the bad debts and all other provisions and to express their opinion in JKB non-performing debts or debts proposed to be deemed as bad debts.
  - Ensure that the laws and regulations governing JKB work.
  - The Head of Internal Audit Department may attend the Committee meetings, and the Committee may invite any person to seek their opinion on a particular issue.
11. Appraise the Head and staff of Internal Audit Department performance and determine their remunerations.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall consist, at least, of three members, the majority of them including the Chairperson shall be independent, , provided that the chairperson is not the Chairman of the Board or the chairperson of any other committee emanating from the Board.
- All members of the Committee should hold academic qualifications and enjoy appropriate practical expertise in areas of accounting, finance or any other disciplines or areas related to JKB's areas of business.
- The Audit Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **B. Board Risk Committee:**

### **Committee's Role:**

The Board Risk is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Review JKB risk management framework.
2. Review JKB risk management strategy prior to BOD approval.
3. Cope with the developments affecting JKB risk management, and submit periodic reports to BoD.
4. Verify that there is no discrepancy between the actual risks that JKB takes and the level of acceptable risk approved by BoD.
5. Establish appropriate conditions that ensure the identification of fundamental impact of risks and any other activities carried out by JKB which may expose the Bank to higher risks than the acceptable level, report that to BoD and follow-up corrective measures.

### **Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at least, one of whom shall be independent and the chairperson of the committee. The Committee membership may include members of the executive management. The committee may invite management representatives or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **C. Board Nominations and Remuneration Committee:**

### **Committee's Role:**

Board Nominations and Remuneration Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Identify qualified persons to join BoD within the members' relevance policy approved by BoD taking into consideration the capabilities and qualifications of the persons nominated. In case of re-nominations, member's attendance and extent of participation in Board meetings should be taken into account.

2. Nominate to BoD qualified persons to join the executive management, in accordance with the requirements of the Executives employment policy.
3. Ensure BoD members joining workshops or seminars on banking topics, particularly risk management and corporate governance, and the latest developments in the banking business.
4. Determine whether the member meets the independent member criteria taking into account the minimum requirements stated in the laws and regulations in force, and verify the status annually.
5. Supervise the implementation of policies adopted by BoD regarding BoD and senior executive management performance appraisal, including the General Manager.
6. Provide information and summaries on some of the important topics of JKB to BoD members upon request, and ensure updating them constantly about the latest topics related to the banking business.
7. Ensure that the policy of granting remunerations to JKB administrative staff is in place, review it regularly and implement this policy. Also, provide recommendations regarding the General Manager and other members of the senior executive management salaries, remunerations and other privileges. The Internal Audit Department Manager and staff performance appraisal and remunerations are to be determined by the Board Audit Committee.
8. Evaluate the work of the board, its committees, and its members as a whole annually, and it shall inform the Central Bank and the Securities Commission with the result of this evaluation.
9. Set clear methodology to verify that board members allocate sufficient time to carry out their duties, including (for example) the multi commitment of the member to other boards/bodies memberships/forums...etc.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at the least, the majority of whom are independent including the Chairperson. The Committee may invite members of the executive management or other specialized persons to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.



## **D. Board Corporate Governance Committee:**

### **Committee's Role:**

1. In addition to their duties delegated by BoD, Board Corporate Governance Committee is in charge of directing and supervising the processes of preparing the Corporate Governance Manual, its update and implementation monitoring. The committee is also tasked to perform the following:
  - Ensure that JKB organizational structure serves the requirements of corporate governance.
  - Ensure commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank.
  - Formulate written procedures for the implementation of the Corporate Governance Guidelines of the listed companies issued by the Securities Commission and to ensure the Bank's compliance with these instructions and to study the comments of the Commission on its application and follow up on what has been done.
2. Prepare the Governance Report and submit it to the Board of Directors.

### **Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three BOD members at least, the majority of whom are independent and should include the Chairman of the Board. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **E. Board Compliance Committee**

### **Committee's Role:**

The Board Compliance Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BoD to adopt governing compliance management policies, including compliance policy, anti-money laundering policy, international sanctions policy, bribery policy, combatting fraud and any other policy related to compliance management, and periodically reviewing these policies and commitment to their application.
2. Assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made.



3. Adopt the organizational structure of the Compliance Control Department and ensuring its independence, in order to ensure the compliance control function is separate from the Bank's other departments.
4. Ensure that an annual non-compliance risk management plan is in place that takes into account any shortcomings of policies, procedures or their application, and that they are associated with the efficiency of the existing compliance risk management and identifies the need for any policies or procedures to deal with new non-compliance risks that arise during the annual risk assessment.
5. Review the reports that include compliance control tests results, including assessments of non-compliance risks, infractions and deficiencies detected and the remedial actions taken.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three Board members at least, the majority of whom are independent. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every 3 months a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

**F. Board Credit Committee:**

**Committee's Role:**

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.
3. The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities with the need to keep the Board Credit Committee informed of the decisions taken under these authorities.
4. The Committee's authority shall not include the following:

- a. Granting credit facilities to members of the Board of Directors.
  - b. Writing-off debts.
5. Submit to the Board periodically details of the credit facilities that have been approved by the committee.
  6. The Committee's decisions are considered valid by the presence and personal voting of its members, if a member is unable to attend, he may express his opinion through telephone or video, and has the right to vote and sign the minutes of the meeting that have to be duly documented.
  7. The work of this committee shall be evaluated by the Board of Directors.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least four members, and decisions are taken by majority of its members regardless of the number of attendees. If the votes are equal, the side to which the Committee Chairperson votes will outweigh.
- The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every week if needed, and maintains documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

**G. Information Technology Governance Committee**

**Committee's Role:**

The Committee shall undertake the following tasks guided by the Governance and Management of Information Technology and its accompanying Instructions No. 65/2016 dated 25/10/2016 issued by CBJ:

1. Approve the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, particularly (The Information Technology Steering Committee), ensuring the achievement of the Bank's strategic objectives, and realizing the best value-added of projects and investments in Information Technology while utilizing the tools and standards to monitor and ascertain the extent of achievement, such as using the IT Balanced Scorecard system, and calculating the rate of return on investment (ROI) and measuring the investment impact on financial and operational efficiency.

2. Approve the general framework for the control and monitoring of resources and projects, that corresponds to best accepted international practices in this regard, particularly (COBIT) (Control Objectives for Information and related Technology), complying with and facilitating the achievement of objectives and regulations, through the sustainable achievement of corporate objectives, and achieve the information objectives' chart and its associated technology and cover IT governance operations
3. Approve the corporate objectives chart, and its associated Information Technology objectives, considering its legibility as minimum, and define the sub-objectives needed for its achievement.
4. Approve the responsibility chart (RACI Chart) towards the major operations of IT governance and its emanating sub-operations i.e.: The party or parties or the person primarily responsible (Responsible), and those finally responsible (Accountable), and those consulted (Consulted), and those to be informed (informed) towards all operations guided by the standard (COBIT 5 Enabling processes) in this regard.
5. Ensure the existence of a general IT Risk Management Framework that complies and integrates with the Bank's general comprehensive Risk Management Framework, and takes into account all IT governance operations.
6. Approve an information technology resources and projects budget in line with the Bank's strategic objectives.
7. Oversee and be acquainted of the progress of information technology operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business and its requirements
8. Be acquainted of the audit reports on information technology and taking the necessary action to correct deviations.
9. Recommend to the Board of Directors to take the necessary measurements to correct any deviations.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors, and the Board determines its objectives and powers, to be demonstrated in its Charter.
- The Committee shall comprise of, at least, three Board members and preferably comprising persons with expertise or strategic knowledge in information technology. The committee, in coordination with the Chairman of the Board, may seek the assistance of external experts when necessary, at the expense of the Bank to make up the shortfall in this area and enhance

substantive opinion. The Committee may invite any of the Bank's administrators to attend its meetings to express their opinion, including those involved in internal audit and senior executive management members (such as Information Technology Manager) or those involved in External auditing.

- The Board shall elect one of its members to be an observer member in the Information Technology Steering Committee.
- The Committee shall submit periodic reports to the Board, the Board's mandate to the Committee does not relieve it from its responsibilities in this regard.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever necessary, or in accordance with the decision of the Board of Directors, or the request of two of its members, and shall submit its reports to the Board of Directors. The meeting shall be considered valid if attended by the majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## **Senior Executive Management**

BoD approves the appointment of JKB Executive Management. BoD makes sure that members of the Executive Management possess the necessary expertise, competencies and integrity to manage JKB businesses and affairs in a manner consistent with the standards of professional conduct, particularly supervising the JKB management, enjoying the appropriate competences to oversee key individuals associated with the Bank operations. JKB develops a policy to manage and fill top executive jobs to meet laws and regulations requirements in force and the aspirations of JKB.

The Executive Management implements the principles of corporate governance in JKB and provides adequate control over the activities they manage

In this context, the Executive Management identifies the staff tasks accurately. They also propose the administrative structure which is meant to promote the concept of accountability and transparency. The Executive Management is to supervise the fulfillment of the specific responsibilities/ powers and they will be responsible for JKB performance.

## **Administrators' Performance Appraisal:**

JKB develops policies of performance appraisal which ensure the participation of all those involved in managing JKB businesses to achieve the Bank objectives through carrying out tasks, objectives and obligations assigned to each one of them within a framework of fair competition based on the culture of excellence in performance.

- Performance Appraisal Policy for BoD and its members
- Performance Appraisal Policy for holders of senior positions and accountability
- Performance Appraisal Policy for other JKB staff members.

All the aforementioned policies are based on the latest international practices which are meant to objectively measure of performance, take into account risk aversion and the provisions of laws and regulations in force.

### **Internal Control and Audit Systems:**

The Board and the Executive Management of JKB are in charge of developing, implementing and maintaining internal control and audit systems that are able to ensure and achieve the following:

- Accurate and integral financial and operational data issued by JKB.
- Efficient and effective performance of JKB operational processes.
- Effective protection procedures of JKB assets and property.
- Compliance with work policies and internal procedures, laws and regulations in force.

This is based on BoD belief in the importance of effective internal control and audit system as it is one of the most important elements of good management and the basis for the soundness and quality of JKB operations. JKB adopted a number of internal control and audit systems which the senior executive management is responsible to set up, follow-up its development and update them. JKB management is constantly monitoring and assessing the efficiency and effectiveness of these systems, their ability to achieve the desired goals and strive to enhance them. Supervisory departments make sure that transactions with stakeholders are conducted in accordance with the adopted policies and procedures.

BoD adopts control and audit policy addressing all aspects of the internal control systems in terms of their definition, components and BoD and senior executive management responsibilities.

To ensure JKB supervisory departments independence and that they fulfil their supervisory roles they tasked to carry out, their reports are to be submitted to BoD committees. BoD committees appraise the performance of the holders of senior positions at supervisory departments under the Performance Appraisal Policy for holders of senior positions adopted by BoD.

### **JKB Supervisory Departments**

**Internal Audit Department:** This department is tasked to review commitment with the Corporate Governance Manual, verify of compliance with JKB policies, procedures, international standards and laws related to JKB activities, verify the existence and compliance with internal control and audit systems quite enough to encompass JKB activities and its subsidiaries, carry out financial

and managerial auditing, review the soundness and comprehensiveness of the Stress Testing and ensure the accuracy of the internal capital adequacy assessment process (ICAAP).

Internal Audit Department submits its reports to the Board Audit Committee and to the General Manager simultaneously.

**Risk Management Department:** This department is tasked to monitor risks in JKB at all levels and market and operational areas, information risks, credit risks and business continuity, and monitor JKB departments compliance with the identified levels of risk in accordance with the best international standards. Risk Management Department submits its reports to the Board Risks and Compliance Committee. The tasks of the risk management department shall be as follows as a minimum:

1. Review the Banks' risk management framework before it is approved by the board.
2. Implement the risk management strategy in addition to developing work policies and measures to manage all types of risks.
3. Develop methodologies to identify, measure, monitor, and control all types of risks.
4. Submit reports to the board through the risk management committee, with a copy to the senior executive management, which include information about the actual risk profile for all the bank's activities, compared to risk appetite document, while continuing to address negative deviations.
5. Verify the integration of risk measurement mechanisms with the management information systems used.
6. Study and evaluate all types of risks faced by the Bank.
7. Submit recommendations to the risk management committee about the bank's exposure to risks, recording cases of exemption from the risk management policy.
8. Provide the necessary information regarding the Bank risks, to be used for disclosure purposes.

**Compliance Control Department:** This department is tasked to verify compliance with local and international laws and regulations governing JKB businesses. Compliance Department submits its reports the Board Risks and Compliance Committee and copy of the same to the General Manager. It is also tasked to monitor and combat money laundry. Moreover, it is tasked to manage Customers Complaints Unit within a framework approved by BoD as per the supervisory instructions.

All the aforementioned departments should develop their own charters to be approved by BoD.

## Business Ethics Code

JKB adopted a code of business ethics which was approved by BoD and pledged to abide by all JKB staff in their respective administrative levels, in addition to the BoD members.

This code identified JKB staff's ethics, values and principles through four main themes, namely:

- Integrity.
- Compliance with the laws.
- Transparency.
- Loyalty to the bank.

As for integrity, the code included that JKB employees are committed to the following:

- Depositors' funds are a trust and responsibility which should be kept safe.
- Personal interest should not conflict with JKB interests.
- Not to use inside information to serve personal interests.
- Maintaining objective and non-bias personal relationships.
- Avoiding business relations with customers and suppliers.
- No-discrimination whatsoever among customers.
- Refrain from accepting gifts, benefits and invitations.

As for compliance with the laws and regulations, employees should abide by bank secrecy and JKB policies and work manuals. Also, they should pay more attention for combating money laundering, not to issue bad cheques and to abide by the management's decisions.

Concerning transparency, JKB employees should be committed to provide authorized accurate figures, data and reports, and that the data is accurate, adequate, timely and in line with the standards. Additionally, employees should disclose their personal interest and soundness of their financial standing and their personal business activities, and to disclose any violations and damages.

Regarding loyalty to JKB, this could be realized through achieving JKB mission, vision, objectives and role, transferring JKB slogan into a tangible reality, besides achieving customer satisfaction and retain them, being positive, excellent, responsible, enjoying qualities and efficiency, then accuracy and continuous learning, keeping up with working hours, adapting to work stress with the spirit of teamwork, paying attention to appearance, conduct and good handling of situations, being keen to maintain JKB reputation and achievements, maintaining JKB assets and its appearance, not to disclose work secrets, taking permission of the administration to make any statement related to JKB via any means of media.



The relevant standards and policies are published through JKB website. The level of adherence to those standards and policies should be identified in the Corporate Governance Report included in JKB annual report.

## **Conflict of Interest**

JKB shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between the Board members and JKB or between the Executive Management and JKB.

Conflict of interest policy shall cover various aspects related to this subject, such as:

- Board member shall avoid the activities which may lead to conflict of interest.
- BoD approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member.

## **Transactions with Stakeholders**

- JKB shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between JKB and its employees, JKB and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with JKB.
- BoD shall ensure that the transactions with stakeholders are reviewed to assess their risks and are subjected to appropriate restrictions in place.

## **Whistle Blowing Policy**

The Bank shall place policies and procedures to report on illicit acts/ Fraud- "Whistle Blowing Policy", including procedures enabling employees to contact the Chairman of the Board to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and to follow-up them. These procedures shall ensure that JKB provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns.

## **JKB Governing Policies**

Jordan Kuwait Bank regards providing written policies covering all the Bank's activities with high importance as these policies are adopted by the Board of Directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank.

## **Protecting Shareholders Rights and their Relations with the Bank**

- BoD ensures the protection of shareholders' fundamental rights concerning the registration and transfer of ownership, participation in the General Assembly meetings, gaining profits and get information regularly on JKB.
- BoD shall encourage shareholders' active participation of in the General Assembly meetings; explaining voting procedures and rules, as well as inform them by the date and venue of the meeting along with the meeting agenda in sufficient time, in addition to inform shareholders by the General Assembly minutes of the meetings.
- JKB develops positive relations based on transparency with all shareholders. In this regard, the Bank saves no effort to encourage all shareholders, especially minority shareholders, to attend the annual meeting of the General Assembly and they are encouraged to vote. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditors' report.
- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

## **Transparency and Disclosures**

- JKB provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.
- JKB is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.

- JKB follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.
- JKB commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, JKB shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- JKB annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the BoD regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- JKB provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that JKB presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.