

## ABU DHABI COMMERCIAL BANK CONFLICT OF INTEREST POLICY

### A. Definitions

In this policy the following words and phrases shall have the meanings assigned to them below:

“Bank”	means Abu Dhabi Commercial Bank PJSC;
“Board”	means the Board of Directors of the Bank;
“Companies Law”	means UAE Federal Law No. 2 of 2015 concerning Commercial Companies (and its amendments from time to time);
“Directors”	means members of the Board;
“Related Parties”	means related parties as defined in Section E of this policy;
“Senior Management”	means the senior executive management of the Bank;
“Subsidiary”	means any entity defined as a subsidiary for the purposes of IFRS; and
“SCA Guidelines”	means the Securities & Commodities Authority (SCA) Resolution N. (7R.M.) of 2016 concerning the standards of institutional discipline and governance of public shareholding companies.

### B. Introduction

The purpose of this policy is to ensure that the Board appropriately deals with actual, potential and perceived conflicts of interest and that all decisions are made in the best interests of the Bank.

The Directors hold positions of power and control over the assets and financial interests of the Bank. Therefore it is desirous to set out the procedures which will apply to conflicts arising at Board level.

This policy is intended to supplement, and not replace, any applicable legal or regulatory rules or requirements governing conflicts of interest, including any requirements set out in the Bank’s articles of association or the Companies Law.

### C. Overriding principles

- A Director must not use his position, or confidential information obtained by him relating to the Bank or its customers, in order to achieve a benefit for himself or Related Party. Under the Companies Law, improper disclosure of the Bank’s information or wilful attempts to damage the Bank’s activities or its reputation may lead to imprisonment or fine.
- No Director should allow his outside activities to interfere with his work for the Bank, or allow any conflict between his duties to the Bank and his outside interests to affect his ability to act appropriately as a Director.

- No Director should act in a manner likely to bring the Bank into disrepute or to affect its reputation.
- Each Director should be aware of potential conflicts between the Bank, its shareholders and other Related Parties and should remain aware that his or her overriding duty is to act in the best interests of the Bank.

#### **D. Conflict of Interest**

Conflicts may arise in many circumstances, and may be real or perceived. The following list is non exhaustive, and is provided only for assistance:

- A conflict of interest may arise when a Board member's outside interest or activity could influence, or appear to influence, a Board member's ability to act in the best interests of the Bank, including but not limited to holding a management position of a competitor or conducting any competing business for his or her own account.
- A conflict of interest shall be deemed to arise whenever a transaction is made between the Bank and a Board member or other Related Party, which is not made in the ordinary course of business on arm's length terms.

#### **E. Related Parties**

For the purposes of this policy, a Board member's "**Related Party**" shall include each of the following, but in all cases only to the extent of the Board member's awareness: his/her parents, wife, or children, and other persons or entities who would reasonably be considered or perceived to be related to the Board member including companies controlled by the Board member or by the Board member's family (jointly or individually), or by the Board member's employer or its associates, and any companies associated with those companies and any other person who would be considered a Related Party under Article 1<sup>1</sup> of the Companies Law.

In all cases, Article 15<sup>2</sup> of the SCA Guidelines needs to be adhered to when entering in to transactions with Related Parties.

#### **F. Loans to Board members**

The Bank is a financial institution which grants loans in the ordinary course of its business. Loans to Board members and their Related Parties raise potential conflicts of interest. The Bank has adopted a policy whereby loans will only be granted to Board members, and their Related Parties, on arm's length terms. Under the UAE Central Bank regulations regarding large exposure limits (as amended from time to time), loans to Board members must not exceed the limits set by competent authorities.<sup>3</sup>

#### **G. Declarations of interest**

On taking office, Directors are required to disclose to the Bank all interests and relationships which could or might be seen to affect his/her ability to perform duties as a Board member. Any such interests declared shall be recorded in the Board's Register of Interests, which shall be maintained by the Board Secretariat.

In particular, Directors should confirm their understanding of relevant laws and regulations regarding insider trading and the importance of maintaining the confidentiality of the Bank's sensitive information. Directors shall disclose (in each case, only to the extent that the Board member is aware) any relevant directorships, employment or significant interests of family members, or their employers, in each case which might give rise to a conflict, or a perceived

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<sup>1</sup> Companies Law (Article 1): "Related Parties: the Chairman and other Directors and the Senior Management of the company, such companies in which any of such persons holds at least 30% of their share capital and Subsidiary, associated or sister companies"

<sup>2</sup> Please refer to Section K of this policy.

<sup>3</sup> Please refer to Section K of this policy.

conflict. Each Board member shall inform the Bank when there are changes to his/her interests, and shall review the Register of Interests on a regular basis.

Board members shall disclose (in each case, only to the extent that they are aware):

- Shareholdings in the Bank held by them, their close family (including parents, wife, or children), or other Related Parties (including their employers);
- Details of their trades in the Bank's securities before and after such trades;
- Positions of employment.
- Other Directorships.
- Significant shareholdings held by them, or their Related Parties, in any company which is a client, competitor or supplier of the Bank, or which may transact with the Bank in any other way.
- Any other interest which may reasonably be perceived to be relevant to the exercise of their duties as a Board member.

In addition, upon appointment, and semi-annually thereafter, Board members shall be requested to fill a questionnaire in the form set out in Schedule I or Schedule II to this policy.

In the event of any uncertainty, guidance should be sought from the Board Secretary.

## **H. Procedures where a conflict has arisen**

Where a Board member has a personal interest in any matter which is to be considered by the Board, he will declare it at the earliest opportunity, whether or not that interest is already set out in the Register of Interests. The Board Secretary will record this declaration in the Register of Interests and the minutes of the relevant Board meeting. In such a case, the other Board members present shall consider whether it is appropriate for the conflicted Board member to take part in the discussion of that item of business before the Board. If they decide that it is not appropriate, they may require the Board member to leave the meeting room during the discussions. The Board member will not be permitted to vote on the relevant resolution. The Board member may be counted in the quorum for that resolution. Additionally, necessary Board or AGM approvals may be sought as the case necessitates in accordance to SCA Guidelines (Article 15<sup>4</sup>). Further details of this procedure are set out in the Bank's Articles of Association.

## **I. Non compliance**

In the event of non compliance with this policy, the Bank's articles of association (Article 23(3)) and the Companies Law permit the Bank to require the conflicted Board member to compensate the Bank for either (a) any personal gain made by the Board member or Related Parties, or (b) any damages or losses incurred to the Bank, in each case as a result of the conflict of interest.

## **J. Gifts**

A conflict of interest may arise if a Board member, when undertaking duties for the Bank, accepts gifts or hospitality from any third party which may influence, or appear to influence, that Board member's ability to make decisions.

Board members may accept hospitality and gifts from third parties, but should declare any hospitality or gifts of material value (over AED 1,000) to the Board Secretariat.

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<sup>4</sup> Please refer Section K of this policy.

Board members should consider declining hospitality or gifts in circumstances where that hospitality or gift is offered or made for the purposes of influencing, or attempting to influence, the Board's decisions.

## K. Applicable regulatory requirements

### Under the Companies Law

- **Article 86:** Competing activities of the manager: Other than with the consent of the general assembly of the Bank, a director /manager is not permitted to manage another competing company (including another company with objects similar to the company).
- **Article 149:** No director may be a director of more than five joint stock companies or Chairman of more than two companies.
- **Article 150:** A Director's duty to give notice of a conflict of interest: every Director of the company who may have a common interest or a conflicting interest in respect of a transaction referred to the board of directors for approval shall notify the board of directors of such interest and his declaration shall be noted in the minutes of the meeting. Such Director may not vote on any resolution concerning such transaction.
- **Article 152:** Directors may not use information in their possession about the company to achieve any interest for their own account or for the account of any third party. Directors may not enter into transactions intended to manipulate the price of any security issued by the Bank. Directors may not participate in any business which competes with the Bank's business for their own or for the account of third parties and may not disclose information or details about the Bank.
- **Article 153:** This prohibits loans to Directors and their Related Parties in certain circumstances. Subsequently, the UAE Central Bank issued a notice no. 226/2015 that states that "the provisions of Articles (153) and (368) of Federal Law No. (2) of 2015 concerning Commercial Companies do not apply to banks, as Article (91) of Union Law No. (10) of 1980 concerning the UAE Central Bank, the Monetary System and Organization of Banking is applicable as well as the decisions and circulars issued by the Central Bank in this regard."

### Under SCA Guidance

- **Article 13(c):** which requires Directors to make a declaration confirming their understanding of relevant laws and regulations regarding insider dealing and importance of maintaining confidentiality of the Bank's sensitive information and that they shall bear all legal consequences in case of leaking such information or date or giving advice on the basis of the information in his possession, and a commitment to notify the Bank before and after trades on the Bank's securities.
- **Article 15:** (a) A company must not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value does not exceed (5%) of the company's capital, and with the approval of the general assembly where such percentage threshold is exceeded. The company is not allowed to conclude transactions that exceed (5%) of the issued share capital unless it has obtained an evaluation of the transaction by an assessor certified by the Authority. <sup>5</sup>

This policy is dated 10<sup>th</sup> December 2017 and supersede any Conflict of Interest policy of the Board previously in force.

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<sup>5</sup> The Bank's articles of association contain a similar provision, which seeks to exclude 'ordinary banking transactions' from being caught by this article.

## SCHEDULE 1 DECLARATION OF INTERESTS QUESTIONNAIRE

Name of Board member: \_\_\_\_\_

Date of questionnaire: \_\_\_\_\_

### **A. Positive declarations for the Bank's Register of Interests:**

No. of Bank shares held personally:	No. of Bank shares held by Related Parties <sup>6</sup> :	Other Directorships held:	Positions of employment held:	Significant shareholdings held by the Board member or his Related Parties in the Bank's competitors, customers or clients:
Any other interest which may reasonably be perceived to be relevant to the exercise of the Board member's duties:				

<sup>6</sup> For the purposes of this form, a "Related Parties" shall include each of the following, but in all cases only to the extent of the Board member's awareness: his/her parents, wife, or children, and other persons or entities who would reasonably be considered or perceived to be related to the Board member including companies controlled by the Board member or by the Board member's family (jointly or individually), or by the Board member's employer or its associates, and any companies associated with those companies and any other person who would be considered a Related Parties under Article 1 of the Companies Law.

Article 1: "Related Parties: the Chairman, Directors, Senior Management and employees of the Bank, and companies in which any of such persons holds at least 30% of the share capital and Subsidiary, sister or affiliate companies."

**B. Negative declarations:**

No.	Question	No	Yes	If yes, please provide details
1.	I (or any Related Party to me) have been employed by the Bank or any of its affiliates in the past 2 years.			
2.	I (or any Related Party to me) have provided consultancy services to the Bank or any of its affiliates.			
3.	I (or a Related Party to me) hold, directly or indirectly, a position of financial interest in any company from which the Bank or any of its affiliates secures or supplies goods or services.			
4.	I (or a Related Party to me) am a Director, manager, or consultant to, or an employee of any company which is a significant customer, client or shareholder of the Bank or any of its affiliates, or whose related parties are a significant customer, client or shareholder of the Bank or any of its affiliates.			
5.	I (or any Related Party to me) am a Director, manager, or consultant to, or employee of, or established, a non-profit organization which receives substantial funds from the Bank or any of its affiliates.			
6.	I (or any Related Party to me) am associated with or have been employed by, in last 2 years, any current or past external auditors of the Bank, its Subsidiaries or affiliates.			
7.	I have accepted gifts or other benefits from any outside concern that does, or is seeking to do, business with the Bank.			

**C. Other Declarations of Interest:**

No.	Declaration	No	Yes	If yes, indicate (1) the name of company, (2) whether company is publicly listed or privately held, (3) date of appointment (and resignation if occurred in prior year), (4) nature of role, (5) dedicated time required to fulfill the role.
1.	I am an employee of another company.			
2.	I hold directorships in other companies.			
3.	I do not hold directorships in competing companies <sup>7</sup>			

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(Signature)

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(Dated)

<sup>7</sup> Please refer to Companies Law (Article 86) under Section K of this policy.

**D. Duties to the Bank:**

As a Director of the Bank, I confirm that my primary duty and responsibility is to the Bank. For greater clarity, I acknowledge and declare that:

- My decisions as a director of the Bank must be made in the best interests of the Bank, regardless of who nominated me for election, and regardless of whether the interests of the person who nominated me are in conflict with those of the Bank;
- I am aware that, as a Director, I will receive confidential and sensitive information about the Bank and its customers. I will do all things necessary to ensure the confidentiality of all documents and communications relating to the Bank and its customers. I understand that I may suffer legal consequences (including criminal charges) if I improperly disclose any such confidential information or use it to improperly give advice to any person;
- I am fully aware of the relevant laws and regulations regarding insider trading;
- I will notify the Bank regarding details of my trades in the Bank's securities (or any parent company or subsidiary of the Bank) before and after such trades;
- Any conflict must be declared and I must abstain from discussions and voting where my duty to the Bank is in conflict with the interests of the nominating shareholder; and
- I shall comply with all Bank policies governing conflicts of interest including this policy, the Directors Share Dealing Policy and the Bank's Code of Conduct.

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(Signature)

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(Dated)



## SCHEDULE II DECLARATION OF INTERESTS QUESTIONNAIRE

Name of Board member: ..... Date of questionnaire: .....

there are no changes to my conflict declarations since the form I submitted on (\_\_\_/\_\_\_/\_\_\_)

### ***E. Duties to the Bank:***

As a Director of the Bank, I confirm that my primary duty and responsibility is to the Bank. For greater clarity, I acknowledge and declare that:

- My decisions as a director of the Bank must be made in the best interests of the Bank, regardless of who nominated me for election, and regardless of whether the interests of the person who nominated me are in conflict with those of the Bank;
- I am aware that, as a Director, I will receive confidential and sensitive information about the Bank and its customers. I will do all things necessary to ensure the confidentiality of all documents and communications relating to the Bank and its customers. I understand that I may suffer legal consequences (including criminal charges) if I improperly disclose any such confidential information or use it to improperly give advice to any person;
- I am fully aware of the relevant laws and regulations regarding insider trading;
- I will notify the Bank regarding details of my trades in the Bank's securities (or any parent company or subsidiary of the Bank) before and after such trades;
- Any conflict must be declared and I must abstain from discussions and voting where my duty to the Bank is in conflict with the interests of the nominating shareholder; and
- I shall comply with all Bank policies governing conflicts of interest including this policy, the Directors Share Dealing Policy and the Bank's Code of Conduct.

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(Signature)

(Dated)