مصرف اسيا العراق الاسلامي
للاستثمار والتمويل
ASIA ALIRAQ ISLAMIC BANK
FOR INVESTMENT AND FINANCE

# Asia Iraq Islamic Bank for Investment and Financing
# Charter of the Corporate Governance Committee

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## Introduction

In its commitment to adhere to the standards of proper corporate governance practices and to monitor the implementation of the "Corporate Governance Manual for Banks," the bank has established a "Corporate Governance Committee." The bank places significant emphasis on sound corporate governance practices and the Board of Directors is committed to applying the highest standards of professional performance in all bank activities. In this regard, the bank follows the instructions of the Central Bank of Iraq and the best international practices included in the Basel Committee's recommendations on corporate governance, as well as the Corporate Governance Manual for Banks. Additionally, the Board of Directors is committed to implementing the Corporate Governance Manual in accordance with the Iraqi banking environment and the legislative and legal frameworks governing the bank's operations.

## Definitions

The words and phrases used in this manual shall have the meanings assigned to them hereafter, unless the context or circumstances indicate otherwise. For any additional definitions not included in this manual, reference should be made to the Iraqi Central Bank Law:

# Asia Iraq Islamic Bank for Investment and Financing

## The Bank

| Chairman of the Board | |
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| **Corporate Governance** | A comprehensive set of systems defining the relationships between the Board of Directors, the executive management, shareholders, and other stakeholders. It influences:<br>• The bank's strategy formulation.<br>• Risk management.<br>• Bank operations and activities.<br>• Balancing responsibilities to shareholders, protecting depositors' interests, and considering other stakeholders.<br>• Compliance with applicable laws, regulations, and directives.<br>• Disclosure and transparency practices.<br>• Governance ensures the bank is managed effectively to achieve its institutional goals, operate safely, and protect stakeholders' interests while complying with the regulations and policies issued by the Central Bank of Iraq |
| **Corporate Governance Committee Governance** | Distributing roles and responsibilities and defining relationships among stakeholders (e.g., Board of Directors and executive management) to maximize the bank's value by balancing risks and expected returns through clear decision-making rules, strategic directives, and performance monitoring mechanisms. |
| **Corporate Governance Committee Operations** | A set of practices and activities derived from the bank's policies necessary to achieve its goals. |

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| **Committee Objectives** | • Core and subsidiary objectives related to risk management and governance to fulfill the institutional goals. |
| **Institutional Objectives** | Goals related to corporate governance and administration to meet stakeholder needs. |
| **Borad** | Bank's Board of Directors. |
| **Executive Management** | Includes the CEO, Deputy CEO, Credit Manager, CFO, Operations Manager, International Banking Operations Manager, Local Banking Services Manager, Internal Audit Manager, AML/CFT Manager, HR Manager, Administrative Affairs Manager, Main Branch Manager, Risk Management Manager, Treasury Manager, Compliance Manager, or any other executive-level personnel specified by the Central Bank of Iraq under the applicable banking laws Decree No. (56) of 2004 and the Banking Law No. (94) of 2004. |
| **Stakeholders** | Any party interested in the bank, such as depositors, shareholders, employees, creditors, customers, or regulatory authorities. |

| **Committee Composition** | | |
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| **Formation and Membership**: | | **The committee consists of three members from the Board, including the Chairman of the Board.** |
| **Composition of the Committee** | • Chairman of the Board<br>• Board Member<br>• Board Member | **Chairman of the Committee**<br>**Member**<br>**Member** |
| **Committee Term:** | | **Board membership is a prerequisite for committee membership.** |

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ASIA ALIRAQ ISLAMIC BANK FOR INVESTMENT AND FINANCE

| Committee Membership | |
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| Nomination | The Board appoints committee members based on the available pool of Board members. |
| Compensation: | Committee members receive remuneration for attending meetings, as approved by the Board. |
| Secretary of the Committee | The secretary is appointed by the Board based on competence and is responsible for maintaining all committee documents, distributing agendas, preparing meetings, and fulfilling other relevant duties. |

| Committee Meetings | |
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| Meeting Location | The bank's headquarters or any other location decided by the Chairman if necessary. |
| Number of times the meeting was held | The committee meets as needed, with a minimum of six meetings annually. Additional meetings may be convened at the discretion of the Board or committee member |
| Quorum | A majority of the members, including the Chairman, constitute a quorum. Proxy voting or substitutions are not permitted. |
| Decision-Making: | Decisions are recorded officially, and recommendations are made by majority vote. In case of a tie, the Chairman's vote is decisive |

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| **Minutes of Meetings**: | **Meeting minutes are prepared by the Secretary and circulated to members within one week for comments and approval. The records are maintained and accessible to any Board member.** |

| **Committee Powers and Responsibilities** | |
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| **Powers of the Committee** | **The committee has access to necessary data and documents, may seek legal, financial, administrative, or technical advice from external consultants, and can delegate specific tasks to subcommittees or external parties.** |

| **Responsibilities and functions of the Committee** | |
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| **Tasks of the Committee** | • **The committee establishes a general framework for the principles of governance in the bank, including the related policies and procedures. These are submitted to the Board of Directors for approval. The committee also reviews the bank's governance manual at least annually and proposes any necessary amendments. These policies and procedures must comply with the provisions of the governance manual and all regulatory instructions and legislation issued by the Central Bank in this regard.**<br>• **The committee coordinates with the Audit Committee to ensure compliance with the governance manual.** |

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| | • The committee reviews and monitors the bank's disclosure policies and procedures and proposes any necessary amendments.<br>• The committee reviews the bank's organizational structure to assess its compliance with governance standards and the independence of the bank's oversight functions (Compliance Unit, Internal Audit Department, Risk Management Department) and proposes any required modifications in this regard.<br>• The committee assists in preparing the code of ethics and ethical standards that govern the work of the Board of Directors, senior management, and all employees of the bank. The committee also reviews these standards at least annually and proposes amendments when necessary.<br>• The committee prepares necessary recommendations regarding the membership of committees formed by the Board of Directors and considers the possibility of rotating their memberships.<br>• The committee reviews the bylaws governing the operations of each committee formed by the Board of Directors to ensure alignment with the bank's governance policies and procedures and the instructions issued by the Central Bank of Iraq in this regard.<br>• The committee monitors the implementation of the Corporate Governance Manual for Banks issued by the Central Bank and proposes updates as needed. |
| **Responsibilities** | **The Corporate Governance Committee undertakes the following tasks:**<br><br>• **Ensuring the availability of this policy to all shareholders, especially minority shareholders.** |

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| | • Conducting an annual review of the disclosure policy and the code of professional conduct and recommending any amendments to the Board of Directors.<br>• Ensuring that all relevant parties, from the Board of Directors to the executive management, adhere to the adopted corporate governance policy and the code of professional conduct.<br>• Verifying the bank's implementation of corporate governance policies across all its operations and activities.<br>• Ensuring the effectiveness of internal control systems related to monitoring corporate governance in the bank.<br>• Providing recommendations regarding the appropriate size and composition of the Board, including:<br>  ○ Forming Board committees and defining their tasks.<br>  ○ Addressing all matters related to the effective performance of Board members.<br>• Ensuring that all nominees for Board membership are individuals of significant achievements with clear leadership capabilities and that they represent all shareholders, not just a particular group with special interests.<br>• Conducting periodic reviews and evaluations of changes in international and local practices that may impact the bank's governance policies and management and recommending modifications to the Board as needed.<br>• Addressing issues of non-compliance with governance and recommending actions to the Board to resolve them as appropriate.<br>• Recommending appropriate measures regarding changes in governance practices and ensuring their adherence within the bank and its related entities.<br>• Recommending the governance policy for the bank to the Board for approval. |

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| | • Ensuring compliance with the following matters related to the Board of Directors:<br>  ○ Developing a formal training program to enhance the knowledge of Board members.<br>  ○ Preparing corporate governance provisions that provide adequate information to shareholders about Board member nominees.<br>• Submitting periodic reports to the Board of Directors on the committee's observations and recommendations and any other matters deemed appropriate by the committee or requested by the Board.<br>• Ensuring the bank's adherence to corporate governance principles and sound practices.<br>• Supervising and preparing the governance report and including it in the bank's annual report. |